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<table>
<thead>
<tr>
<th>Month</th>
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<td>16, 17, 18, 19, 23, 24, 25, 26</td>
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<td>September</td>
<td>1, 2, 3, 4, 15, 16, 17, 18, 22, 23, 24, 25</td>
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<td>November</td>
<td>10, 11, 12, 13, 24, 25, 26, 27</td>
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<td>December</td>
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RADIO BROADCASTS

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- MELBOURNE 1026 AM
- ADELAIDE 972 AM
- PERTH 585 AM
- HOBART 747 AM
- NORTHERN TASMANIA 92.5 FM
- DARWIN 102.5 FM
FORTY-SECOND PARLIAMENT
FIRST SESSION—THIRD PERIOD

Governor-General
Her Excellency Ms Quentin Bryce, Companion of the Order of Australia

Senate Officeholders

President—Senator Hon. John Joseph Hogg
Deputy President and Chair of Committees—Senator Hon. Alan Baird Ferguson
Temporary Chairs of Committees—Senators Guy Barnett, Thomas Mark Bishop, Carol Louise Brown, Patricia Margaret Crossin, Concetta Anna Fierravanti-Wells, Michael George Forshaw, Gary John Joseph Humphries, Annette Kay Hurley, Stephen Patrick Hutchins, Gavin Mark Marshall, Claire Mary Moore, Stephen Shane Parry, Hon. Judith Mary Troeth and Russell Brunell Trood

Leader of the Government in the Senate—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Government in the Senate—Senator Hon. Stephen Michael Conroy
Leader of the Opposition in the Senate—Senator Hon. Nicholas Hugh Minchin
Deputy Leader of the Opposition in the Senate—Senator Hon. Eric Abetz

Manager of Government Business in the Senate—Senator Hon. Joseph William Ludwig
Manager of Opposition Business in the Senate—Senator Hon. Christopher Martin Ellison

Senate Party Leaders and Whips

Leader of the Australian Labor Party—Senator Hon. Christopher Vaughan Evans
Deputy Leader of the Australian Labor Party—Senator Hon. Stephen Michael Conroy
Leader of the Liberal Party of Australia—Senator Hon. Nicholas Hugh Minchin

Deputy Leader of the Liberal Party of Australia—Senator Hon. Eric Abetz
Leader of the Nationals—Senator Barnaby Thomas Gerard Joyce
Deputy Leader of the Nationals—Senator Fiona Joy Nash
Leader of the Australian Greens—Senator Robert James Brown
Leader of the Family First Party—Senator Steve Fielding

Government Whips—Senators Kerry Williams Kelso O’Brien, Donald Edward Farrell and Anne McEwen

Liberal Party of Australia Whips—Senators Stephen Shane Parry and Judith Anne Adams
The Nationals Whip—Senator Fiona Joy Nash
Australian Greens Whip—Senator Rachel Mary Siewert
Family First Party Whip—Senator Steve Fielding

Printed by authority of the Senate
<table>
<thead>
<tr>
<th>Senator</th>
<th>State or Territory</th>
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(1) Chosen by the Parliament of South Australia to fill a casual vacancy vice Amanda Eloise Vanstone, resigned.
(2) Chosen by the Parliament of Western Australia to fill a casual vacancy vice Ian Campbell, resigned.
(3) Term expires at close of day next preceding the polling day for the general election of members of the House of Representatives.

PARTY ABBREVIATIONS
AG—Australian Greens; ALP—Australian Labor Party; CLP—Country Liberal Party; FF—Family First Party; LP—Liberal Party of Australia; NATS—The Nationals

Heads of Parliamentary Departments

Clerk of the Senate—H Evans
Clerk of the House of Representatives—I C Harris
Secretary, Department of Parliamentary Services—A Thompson
<table>
<thead>
<tr>
<th>Role</th>
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<tbody>
<tr>
<td>Prime Minister</td>
<td>Hon. Kevin Rudd, MP</td>
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<tr>
<td>Deputy Prime Minister, Minister for Education, Minister for</td>
<td>Hon. Julia Gillard, MP</td>
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<td>Employment and Workplace Relations and Minister for</td>
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<td>Social Inclusion</td>
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<tr>
<td>Treasurer</td>
<td>Hon. Wayne Swan MP</td>
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<tr>
<td>Minister for Immigration and Citizenship and Leader of the</td>
<td>Senator Hon. Chris Evans</td>
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<td>Government in the Senate</td>
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<tr>
<td>Special Minister of State, Cabinet Secretary and Vice President of</td>
<td>Senator Hon. John Faulkner</td>
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<tr>
<td>Minister for Finance and Deregulation</td>
<td>Hon. Lindsay Tanner MP</td>
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<tr>
<td>Minister for Trade</td>
<td>Hon. Simon Crean MP</td>
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<td>Minister for Foreign Affairs</td>
<td>Hon. Stephen Smith MP</td>
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<td>Minister for Defence</td>
<td>Hon. Joel Fitzgibbon MP</td>
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<td>Minister for Health and Ageing</td>
<td>Hon. Nicola Roxon MP</td>
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<td>Hon. Jenny Macklin MP</td>
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<td>Minister for Infrastructure, Transport, Regional Development and</td>
<td>Hon. Anthony Albanese MP</td>
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<td>Local Government and Leader of the House</td>
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<td>Minister for Broadband, Communications and the Digital Economy</td>
<td>Senator Hon. Stephen Conroy</td>
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<td>and Deputy Leader of the Government in the Senate</td>
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<td>Minister for Innovation, Industry, Science and Research</td>
<td>Senator Hon. Kim Carr</td>
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<td>Minister for Climate Change and Water</td>
<td>Senator Hon. Penny Wong</td>
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<tr>
<td>Minister for the Environment, Heritage and the Arts</td>
<td>Hon. Peter Garrett AM, MP</td>
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<tr>
<td>Attorney-General</td>
<td>Hon. Robert McClelland MP</td>
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<tr>
<td>Minister for Human Services and Manager of Government Business in</td>
<td>Senator Hon. Joe Ludwig</td>
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<td>Minister for Agriculture, Fisheries and Forestry</td>
<td>Hon. Tony Burke MP</td>
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<tr>
<td>Minister for Resources and Energy and Minister for Tourism</td>
<td>Hon. Martin Ferguson AM, MP</td>
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</table>

[The above ministers constitute the cabinet]
RUDD MINISTRY—continued

Minister for Home Affairs                        Hon. Bob Debus MP
Assistant Treasurer and Minister for Competition Policy and Consumer Affairs Hon. Chris Bowen MP
Minister for Veterans’ Affairs                  Hon. Alan Griffin MP
Minister for Housing and Minister for the Status of Women Hon. Tanya Plibersek MP
Minister for Employment Participation          Hon. Brendan O’Connor MP
Minister for Defence Science and Personnel      Hon. Warren Snowdon MP
Minister for Small Business, Independent Contractors and the Service Economy and Minister Assisting the Finance Minister on Deregulation Hon. Dr Craig Emerson MP
Minister for Superannuation and Corporate Law   Senator Hon. Nick Sherry
Minister for Ageing                            Hon. Justine Elliot MP
Minister for Youth and Minister for Sport      Hon. Kate Ellis MP
Parliamentary Secretary for Early Childhood Education and Childcare Hon. Maxine McKew MP
Parliamentary Secretary for Defence Procurement Hon. Greg Combet AM, MP
Parliamentary Secretary for Defence Support    Hon. Dr Mike Kelly AM, MP
Parliamentary Secretary for Regional Development and Northern Australia Hon. Gary Gray AO, MP
Parliamentary Secretary for Disabilities and Children’s Services Hon. Bill Shorten MP
Parliamentary Secretary for International Development Assistance Hon. Bob McMullan MP
Parliamentary Secretary for Pacific Island Affairs Hon. Duncan Kerr MP
Parliamentary Secretary to the Prime Minister  Hon. Anthony Byrne MP
Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion Senator Hon. Ursula Stephens
Parliamentary Secretary to the Minister for Trade Hon. John Murphy MP
Parliamentary Secretary to the Minister for Health and Ageing Senator Hon. Jan McLucas
Parliamentary Secretary for Multicultural Affairs and Settlement Services Hon. Laurie Ferguson MP
<table>
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<th>Position</th>
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<tbody>
<tr>
<td>Leader of the Opposition</td>
<td>Hon. Malcolm Turnbull MP</td>
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<tr>
<td>Deputy Leader of the Opposition and Shadow Minister for Employment,</td>
<td>Hon. Julie Bishop MP</td>
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<td>Business and Workplace Relations</td>
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<tr>
<td>Leader of the Nationals and Shadow Minister for Infrastructure and</td>
<td>Hon. Warren Truss MP</td>
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<td>Transport and Local Government</td>
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<td>Leader of the Opposition in the Senate and Shadow Minister for Defence</td>
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<td>Hon. Andrew Robb MP</td>
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<td>Hon. Ian Macfarlane MP</td>
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<tr>
<td>Shadow Minister for Human Services</td>
<td>Senator Hon. Helen Coonan</td>
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<td>Shadow Minister for Climate Change, Environment and Urban Water</td>
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<td>Shadow Minister for Broadband, Communications and the Digital Economy</td>
<td>Hon. Bruce Billson MP</td>
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<td>Shadow Attorney-General</td>
<td>Senator Hon. George Brandis</td>
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<td>Shadow Minister for Resources and Energy and Shadow Minister for Tourism</td>
<td>Senator Hon. David Johnston</td>
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<tr>
<td>Shadow Minister for Regional Development, Water Security</td>
<td>Hon. John Cobb MP</td>
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[The above constitute the shadow cabinet]
## SHADOW MINISTRY—continued

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<th>Position and Portfolio</th>
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<td>Shadow Minister for Justice and Border Protection; Assisting Shadow Minister for Immigration and Citizenship</td>
<td>Hon. Chris Pyne MP</td>
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<td>Shadow Special Minister of State</td>
<td>Senator Hon. Michael Ronaldson</td>
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<td>Shadow Minister for Small Business, the Service Economy and Tourism</td>
<td>Steven Ciobo MP</td>
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<td>Shadow Minister for Environment, Heritage, the Arts and Indigenous Affairs</td>
<td>Hon. Sharman Stone MP</td>
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<td>Shadow Assistant Treasurer and Shadow Minister for Superannuation and Corporate Governance</td>
<td>Michael Keenan MP</td>
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<td>Shadow Minister for Ageing</td>
<td>Margaret May MP</td>
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<td>Shadow Minister for Defence Science and Personnel; Assisting Shadow Minister for Defence</td>
<td>Hon. Bob Baldwin MP</td>
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<td>Shadow Minister for Veterans’ Affairs</td>
<td>Hon. Bronwyn Bishop MP</td>
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<td>Shadow Minister for Employment Participation and Apprenticeships and Training</td>
<td>Andrew Southcott MP</td>
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<td>Shadow Minister for Housing and Shadow Minister for Status of Women</td>
<td>Hon. Sussan Ley MP</td>
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<td>Shadow Minister for Youth and Sport</td>
<td>Hon. Pat Farmer MP</td>
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<td>Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Cabinet Secretary</td>
<td>Don Randall MP</td>
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<td>Shadow Parliamentary Secretary Assisting the Leader of the Opposition and Shadow Parliamentary Secretary for Northern Australia</td>
<td>Senator Hon. Ian Macdonald</td>
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<td>Shadow Parliamentary Secretary for Health</td>
<td>Senator Hon. Richard Colbeck</td>
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<td>Shadow Parliamentary Secretary for Defence</td>
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<td>Shadow Parliamentary Secretary for Trade</td>
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<td>Sophie Mirabella MP</td>
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<td>Shadow Parliamentary Secretary for Tourism</td>
<td>Jo Gash MP</td>
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<td>Shadow Parliamentary Secretary for Ageing and the Voluntary Sector</td>
<td>Mark Coulton MP</td>
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<td>Shadow Parliamentary Secretary for Foreign Affairs</td>
<td>Senator Marise Payne</td>
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<td>Shadow Parliamentary Secretary for Families and Community Services</td>
<td>Senator Cory Bernardi</td>
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</tbody>
</table>
CONTENTS

THURSDAY, 18 SEPTEMBER

Chamber
Temporary Chairmen of Committees................................................................. 1
Petitions—
   Racial Discrimination......................................................................................... 1
Notices—
   Presentation ........................................................................................................ 1
Business—
   Rearrangement .................................................................................................. 2
Committees—
   Community Affairs Committee—Reference ..................................................... 2
   Business—
      Consideration of Legislation ........................................................................... 2
      Committees—
         Community Affairs Committee—
            Meeting ...................................................................................................... 2
            Extension of Time ......................................................................................... 3
         Rural and Regional Affairs and Transport Committee—Meeting ...................... 3
      International Day of Peace ................................................................................. 3
Burma ...................................................................................................................... 4
Committees—
   Regulations and Ordinances Committee—Ministerial Correspondence .............. 4
   Treaties Committee—Report ................................................................................... 4
   Rural and Regional Affairs and Transport Committee—Report ......................... 14
Australian Research Council Amendment Bill 2008—
   First Reading ......................................................................................................... 19
   Second Reading ..................................................................................................... 19
Committees—
   State Government Financial Management Committee—Report ...................... 19
   Procedure Committee—Report ............................................................................... 26
Business—
   Rearrangement .................................................................................................. 43
Tax Laws Amendment (Luxury Car Tax) Bill 2008,
   A New Tax System (Luxury Car Tax Imposition—General) Amendment Bill 2008,
   A New Tax System (Luxury Car Tax Imposition—Customs) Amendment Bill 2008, and
   A New Tax System (Luxury Car Tax Imposition—Excise) Amendment Bill 2008—
      Second Reading—Recommittal ......................................................................... 43
International Tax Agreements Amendment Bill (No. 1) 2008—
   Second Reading ................................................................................................... 55
   Third Reading........................................................................................................ 57
Questions Without Notice—
   Superannuation Funds ........................................................................................ 57
   Economy ................................................................................................................. 58
   Age Pension ........................................................................................................... 59
   Airport Noise .......................................................................................................... 61
   Hospitals ................................................................................................................ 61
   Economy ................................................................................................................. 63
   United Nations ....................................................................................................... 64
   Water ...................................................................................................................... 65
   Prime Minister ....................................................................................................... 67
CONTENTS—continued

Digital Economy................................................................................................................ . 68
Heritage.................................................................................................................................. 69
Questions Without Notice: Additional Answers—
  National Security.............................................................................................................. .. 70
  Economy........................................................................................................................ ..... 71
  Murray-Darling River System............................................................................................ 71
  Alcopops....................................................................................................................... ...... 71
Questions Without Notice: Take Note of Answers—
  Answers to Questions ......................................................................................................... 72
Ministerial Statements—
  Dementia Awareness Week.................................................................................................. 79
Committees—
  Foreign Affairs, Defence and Trade Committee: Joint—Report:
    Government Response........................................................................................................ 79
  Selection of Bills Committee—Report.................................................................................. 82
Great Barrier Reef Marine Park and Other Legislation Amendment Bill 2008—
  Report of Environment, Communications and the Arts Committee ......................... 83
Committees—
  Rural and Regional Affairs and Transport Committee—Membership ....................... 84
  Procedure Committee—Report .......................................................................................... 84
Economy................................................................................................................................ .......... 84
Documents—
  Australian Institute of Health and Welfare ....................................................................... 115
  Indigenous Business Australia.......................................................................................... 116
  Consideration.................................................................................................................. 117
Committees—
  Procedure Committee—Report ......................................................................................... 118
  Consideration.................................................................................................................. 123
Adjournment—
  Walter Nona Senior .......................................................................................................... 124
  Northern Australia............................................................................................................ 126
Documents—
  Tabling........................................................................................................................ ...... 128
  Indexed Lists of Files ........................................................................................................ 128
Questions On Notice
  Climate Change Conference—(Question No. 90 amended)........................................... 129
Thursday, 18 September 2008

The PRESIDENT (Senator the Hon. John Hogg) took the chair at 9.30 am and read prayers.

TEMPORARY CHAIRMEN OF COMMITTEES

The PRESIDENT—Pursuant to standing order 12, I lay on the table a warrant revoking the warrant nominating Senator Joyce as a Temporary Chair of Committees.

PETITIONS

The Clerk—A petition has been lodged for presentation as follows:

Racial Discrimination

To the Honourable President, Members of the Senate in Parliament assembled.

The petition of the undersigned shows concern for the suspension of the Racial Discrimination Act in the Northern Territory.

Your petitioners request that the Senate support the Reinstatement of the full Racial Discrimination Act in the Northern Territory in line with the recommendations made to government by the Human Rights and Equal Opportunities Commissioner, Tom Calma, in his Social Justice Report of 2007.

by Senator Siewert (from 4,156 citizens)

Petition received.

NOTICES

Presentation

Senator Bernardi to move on the next day of sitting:

That the Senate—

(a) congratulates the 170 Australian Paralympic athletes and 121 officials, Australia’s largest ever overseas team, on their success and efforts in the recent Paralympic Games in Beijing; and

(b) notes that the 2008 Australian Paralympic team brought home a total of 79 medals, including 23 gold, placing Australia fifth on the 2008 Paralympic Games medal tally.

Senator Crossin to move on the next day of sitting:

That the Legal and Constitutional Affairs Committee be authorised to hold a public meeting during the sitting of the Senate on Tuesday, 23 September 2008, from 4 pm, to take evidence for the committee’s inquiry into the provisions of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform) Bill 2008.

Senator Crossin to move on the next day of sitting:

That the time for the presentation of reports of the Legal and Constitutional Affairs Committee be extended as follows:

(a) Same-Sex Relationships (Equal Treatment in Commonwealth Laws—Superannuation) Bill 2008 and the provisions of the Same-Sex Relationships (Equal Treatment in Commonwealth Laws—General Law Reform) Bill 2008— to 8 October 2008; and

(b) Independent Reviewer of Terrorism Laws Bill 2008 [No. 2]— to 14 October 2008.

Senator Wortley to move 15 sitting days after today:


Senator Bob Brown to move on 23 September 2008:

That the Senate calls on the Minister for the Environment, Heritage and Water (Mr Garrett) to ensure that the assessment of the proposed dam on the Mary River in Queensland include all prudent and feasible alternatives.
BUSINESS

Rearrangement

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (9.32 am)—I move:

That the order of general business for consideration today be as follows:

(a) general business notice of motion no. 201 standing in the name of Senator Fifield relating to the management of the economy; and

(b) orders of the day relating to government documents.

Question agreed to.

COMMITTEES

Community Affairs Committee Reference

Senator MOORE (Queensland) (9.32 am)—I move:

That the following matter be referred to the Community Affairs Committee for inquiry and report by the last sitting day in March 2009:

Progress with the implementation of the recommendations in the reports by the Community Affairs References Committee, Lost innocents: righting the record, a report on child migration tabled in August 2001, and Forgotten Australians, a report on Australians who experienced institutional or out-of-home care as children tabled in August 2004.

Question agreed to.

BUSINESS

Consideration of Legislation

Senator LUDWIG (Queensland—Manager of Government Business in the Senate) (9.33 am)—I move:

That the provisions of paragraphs (5) to (8) of standing order 111 not apply to the following bills, allowing them to be considered during this period of sittings:

First Home Saver Accounts (Further Provisions) Amendment Bill 2008

First Home Saver Account Providers Supervisory Levy Imposition Bill 2008

International Tax Agreements Amendment Bill (No. 1) 2008.

I table a statement of reasons relating to the International Tax Agreements Amendment Bill (No. 1) 2008 and seek leave to have the statement incorporated into Hansard.

Leave granted.

The statement read as follows—

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1)

Purpose of the Bill

The bill gives the force of law to the revised tax treaty with Japan.

Reasons for Urgency

The revised tax treaty with Japan will broadly update the taxation arrangements between Australia and Japan. The new taxation arrangements will enhance Australia’s relationship with Japan by further assisting trade and investment flows. Passage of the bill in the 2008 Spring sittings will permit the revised Japan treaty to commence from 1 January 2009. Any delay would mean the treaty would not commence until 1 January 2010. Advice has been received that the Japan treaty has been approved by the Parliament of Japan, and that all domestic procedures necessary for entry into force, for Japan, have been completed.

(Circulated by authority of the Treasurer)

Question agreed to.

COMMITTEES

Community Affairs Committee Meeting

Senator McEWEN (South Australia) (9.34 am)—At the request of the Chair of the Community Affairs Committee (Senator Moore), I move:

That the Community Affairs Committee be authorised to hold public meetings during the sittings of the Senate, from 3 pm, as follows:

(a) on Monday, 22 September 2008, to take evidence for the committee’s inquiry into the draft National Health (Pharma-
ceutical Benefits — Charges) Regulations 2008; and


Question agreed to.

Extension of Time

Senator McEWEN (South Australia) (9.34 am)—At the request of the Chair of the Community Affairs Committee (Senator Moore), I move:

That the time for the presentation of reports of the Community Affairs Committee be extended as follows:

(a) special disability trusts—to 16 October 2008; and

(b) petrol sniffing and substance abuse in central Australia—to the last sitting day in March 2009.

Question agreed to.

Rural and Regional Affairs and Transport Committee Meeting

Senator McEWEN (South Australia) (9.34 am)—At the request of the Chair of the Rural and Regional Affairs and Transport Committee (Senator Sterle), I move:

That the Rural and Regional Affairs and Transport Committee be authorised to hold a public meeting during the sitting of the Senate on Thursday, 18 September 2008, from 4.30 pm, to take evidence for the committee’s inquiries into the management of the Murray-Darling Basin system and the Emergency Water (Murray-Darling Basin Rescue) Bill 2008.

Question agreed to.

INTERNATIONAL DAY OF PEACE

Senator LUDLAM (Western Australia) (9.34 am)—I move:

That the Senate—

(a) notes that:

(i) on 7 September 2001, the United Nations General Assembly passed Resolution 55/282 declaring that the International Day of Peace should be observed annually on the fixed date of 21 September, as a day of global ceasefire and non-violence, and

(ii) the United Nations Secretary-General Ban Ki-moon and his predecessor, Kofi Annan, have urged member states to support the observance of global ceasefire on the day;

(b) supports non-government organisations in Australia who intend to observe the day through vigils, concerts and walks;

(c) calls on the Australian Government to actively support the observance of a ceasefire in Iraq, East Timor, Afghanistan, the Solomon Islands, Egypt (the Sinai Peninsula) and Sudan on Sunday, 21 September 2008, by ensuring that Australia’s armed forces:

(i) do not engage in hostilities for the duration of 21 September, unless provoked to do so in self-defence, and

(ii) promote the observance of a global ceasefire for the duration of 21 September; and

(d) requests that the Australian Government encourage other nation states also to support the observance of a global ceasefire.

The Senate divided. [9.39 am]

(The President—Senator the Hon. JJ Hogg)

Ayes……….. 6

Noes……….. 53

Majority…….. 47
AYES

Brown, B.J.
Ludlam, S.
Siewert, R. *

NOES

Adams, J.
Barnett, G.
Bilyk, C.L.
Bishop, T.M.
Boyce, S.
Brown, C.L.
Cameron, D.N.
Colbeck, R.
Coonan, H.L.
Crossin, P.M.
Fenney, D.
Fielding, S.
Fifield, M.P.
Forshaw, M.G.
Heffernan, W.
Humphries, G.
Hutchins, S.P.
Ludwig, J.W.
Macdonald, I.
McEwen, A. *
Moore, C.
Parry, S.
Pratt, L.C.
Ryan, S.M.
Sterle, G.
Wortley, D.

Hanson-Young, S.C.
Milne, C.
Xenophon, N.
Arbib, M.V.
Bernardi, C.
Boswell, R.L.D.
Brandis, G.H.
Bushby, D.C.
Cash, M.C.
Collins, J.
Cormann, M.H.P.
Eggleston, A.
Farrell, D.E.
Ferravanti-Wells, C.
Fisher, M.J.
Turner, M.L.
Hogg, J.J.
Hurley, A.
Joyce, B.
Lundy, K.A.
Marshall, G.
McGauran, J.J.J.
Nash, F.
Polley, H.
Ronaldson, M.
Stephens, U.
Williams, J.R.

* denotes teller

Question negatived.

BURMA

Senator LUDLAM (Western Australia) (9.43 am)—I move:

That the Senate—

(a) notes that:

(i) 18 September 2008 marks one year since the peaceful uprising in Burma that became known as the Saffron Revolution, and

(ii) a fortnight later this pro-democracy uprising was brutally suppressed by the Burmese military regime at the cost of an unknown number of lives, injuries and ongoing detention;

(b) calls on the Australian Government to:

(i) use all diplomatic means available to encourage the Burmese regime to release Daw Aung San Suu Kyi and all political prisoners, and engage in genuine dialogue with pro-democracy and ethnic representatives towards democratic reform and national reconciliation,

(ii) work actively with the United Nations (UN) to ensure that its ‘good offices role’ delivers progress, including on the release of political prisoners,

(iii) maintain pressure on the Burmese regime to engage in reform through targeted financial sanctions and travel restrictions,

(iv) urge the Burmese regime to respect the fundamental human rights of the Burmese people, including freedom of religion, and

(v) evaluate what other measures the Government can take to support the Burmese pro-democracy movement; and

(c) expresses its support for the democratic aspirations of the people of Burma.

Question agreed to.

COMMITTEES

Regulations and Ordinances Committee

Ministerial Correspondence

Senator WORTLEY (South Australia) (9.43 am)—On behalf of the Standing Committee on Regulations and Ordinances, I present a volume of ministerial correspondence relating to the scrutiny of delegated legislation for the period March 2007 to June 2008.

Treaties Committee

Report

Senator McGAURAN (Victoria) (9.44 am)—On behalf of the Joint Standing Committee on Treaties, I present report No. 94 of the committee, Treaties tabled on 14 May 2008, and move:

That the Senate take note of the report.
In doing so I would like to make some remarks in my capacity as Deputy Chair of the Joint Standing Committee on Treaties. The Chair is Mr Kelvin Thomson from the House of Representatives. I know everyone in this parliament works very hard on the committees they undertake, both government and opposition members and occasionally those from minority parties, but I have to say that the treaties committee does take on an extra burden of work. People would be surprised at just how many treaties governments deal with, both large and small. It is not and will not be my custom as deputy chair to speak on every one of those treaties, but a treaty in the report I have tabled today is of significance. It is a treaty that I would like to bring to the attention of the Senate. It relates to the agreement between Australia and the Russian Federation on cooperation in the use of nuclear energy for peaceful purposes. It establishes a regime that will, for the first time, allow Australia to provide uranium for use in Russia’s nuclear plants. Longstanding Australian government policy has only allowed Australian uranium and nuclear material derived from it to be exported to countries with which Australia has concluded a nuclear safeguards agreement. This agreement will establish safeguard arrangements, the key objectives being to ensure that no material is ever used for or diverted to any military purpose.

Australia’s safeguard agreements are designed to complement the International Atomic Energy Agency’s safeguards system and rely upon the IAEA inspections. The majority of the committee have recommended that ratification not proceed. The majority of the committee—in other words, the government members—have recommended that this treaty not be ratified. That is why I take this opportunity to stand up and note that the opposition members have put in a dissenting report—as rare as that is on the treaties committee—to recommend that the government and the parliament do ratify this most important and crucial treaty.

There is a distinct difference between the government members and the opposition members in relation to this particular treaty. It is an important difference to note, and, I think, one that many of the government members—the frontbench in general if not the foreign minister in particular—will be slightly concerned about. The concern would be that government members on this committee have gone off on a frolic; that is seemingly so if you read the report. Whose evidence did they rely on? They did not rely on the experts—those who came before us with the experience: the department and the atomic energy agencies. They did not rely on the experience and expertise of the departments; they have instead relied upon what I would classify as some extreme antinuclear groups, who gave very little or no evidence other than the prejudice and bias of their longstanding position against uranium mining and against uranium exports.

The fundamental reason why the opposition have recommended that this treaty be ratified is that it is in Australia’s national interest. It is in Australia’s trade interest and it is in Australia’s interests directly with the Russian Federation. Moreover, if you wish, when you finish reading this report, to go deeper into the Hansard of the committee hearings, you will notice that the opposition members rigorously challenged the department, their expertise and what they were telling us in regard to the safeguards necessary and the workability, if you like, of this particular treaty. We did not just accept it on face value; we rigorously challenged the department in regard to their assertions that this treaty ought to be ratified and that the safeguards were in place. We were convinced and we are confident that is the case, and that is why we have put in the dissenting
Senator CASH (Western Australia) (9.50 am)—I too would like to speak on the dissenting report in relation to the ratification of the agreement between the government of Australia and the Russian Federation on the use of nuclear energy for peaceful purposes. The primary objective of the Australia-Russia nuclear safeguards agreement is to allow Australian uranium producers to supply Russia’s nuclear power industry—that is, the civil nuclear industry in Russia—with our uranium under exceptionally strict safety guidelines. These conditions are designed to ensure that any nuclear material transferred between Australia and Russia will be used solely for peaceful non-military purposes.

As raised by the deputy chair of the committee, the coalition senators vigorously questioned the department in relation to a number of issues that were raised by other witnesses at the hearings. They included, it would appear, interestingly enough, people who may have had a serious bias, one might say, in relation to the issue at hand—people such as the Australian Conservation Foundation, Friends of the Earth Australia and the International Campaign to Abolish Nuclear Weapons.

It is interesting to note in the majority report that what seems to be the reason cited for not recommending ratification of this treaty is that our uranium is going to be used by the Russians in their military sector as opposed to their civil sector. This is just not true. The coalition senators, in their dissenting report, have relied upon the professional, unbiased, responsible evidence put forward by the department in relation to the issue raised. I will run through a few of those issues with you—in particular, nuclear energy as a greenhouse-friendly option. The government is promoting action in relation to climate change. What we have here is one reason to endorse ratification. The Russians have a serious problem with energy. Unlike us, they are prepared to do something about it in relation to uranium: nuclear energy. That will contribute to Russia’s diversification from fossil fuels with associated environmental benefits. Ratifying this treaty, amongst other things, will actually be in Australia’s national interests as it will allow Russia to reduce greenhouse gas emissions and atmospheric pollution. I am at a loss to understand why those on the other side do not see this as a reason to enter into the agreement with the Russians.

The coalition senators are also satisfied that, in proceeding to ratify the agreement, Russia has demonstrated a commitment to disarmament and non-proliferation obligations. This is not something we dreamed up; this was put forward in the evidence that was presented to the committee by the department during the hearings. The coalition senators believe that the evidence presented by the department outweighed not even evidence but what I would call unsubstantiated claims made by other witnesses at the hearings. I would endorse the comments made by the deputy chair of the committee that there are also compelling national interest reasons for Russia to comply with its obligations under this treaty, in particular in relation to its need to expand its civil nuclear energy sector. The Russians face an energy crisis. Why would they put the importing of Australian uranium at risk by not complying with the obligations under this treaty?

Another issue that was raised was in relation to the IAEA safeguards and whether or not these were stringent enough. Again, the coalition senators accepted the evidence from the department that these are internationally accepted standards. These are world-class standards, and we believe that they are adequate to ensure that the Russians do abide
by their commitments under this treaty. In that regard, the coalition senators and members are satisfied that the benefits to Australia in ratifying the treaty and the evidence presented to the committee in support of ratification outweigh any concerns raised in submissions against the ratification.

Senator LUDLAM (Western Australia) (9.56 am)—The Australian Greens welcome the Joint Standing Committee on Treaties report No. 94, which concludes, after thorough examination and canvassing of broad expertise from the scientific, political, medical and environmental communities, that it would not be prudent to sell Australian uranium to Russia.

Senator McGauran—Left-wing fruit-loops!

Senator LUDLAM—Fruitloops such as the International Atomic Energy Agency. I would like to note that this was the position of the Australian Greens from the outset. The Greens alone opposed this deal signed by Mr Howard and Mr Putin at the APEC summit, when Senator Milne presented a pretty clear case and numerous arguments on nuclear safety, human rights, and international peace and security grounds against this deal.

Russia maintains a stockpile of 15,000 nuclear weapons, and Russia is actively modernising its nuclear weapons stockpile at this time. It is transferring nuclear fuel and reactor technology to Iran, and in January this year the Russian chief of the armed forces claimed the right to use these weapons of mass destruction ‘preventatively’. The Joint Standing Committee on Treaties report notes that a significant meeting on the NPT is coming up in 2010 and that we should see some action from the nuclear weapons states at this meeting on their legal obligations to disarm and eliminate their nuclear stockpiles.

Nuclear safety in Russia is patently inadequate, and Russia has an unfortunate habit of ‘losing’ nuclear material. According to the detailed database of the Institute for International Studies, around 40 kilograms of weapons-usable uranium and plutonium had been stolen from poorly protected nuclear facilities in the former Soviet Union in the decade to 2002. The Stanford Database on Nuclear Smuggling, Theft and Orphan Radiation Sources has also recorded at least 370 incidents involving former Soviet countries—56 per cent of the global total, more than half. The Joint Standing Committee on Treaties report notes these concerns.

The International Atomic Energy Agency has not conducted inspections in Russia for at least six years. ASNO, the Australian Safeguards and Non-Proliferation Office, continues to state that all of Australia’s uranium exports are subject to strict safeguard conditions given legally binding effect through bilateral safeguards agreements, which senators on the other side have gone on about at some length. But the safeguards regime itself is inadequate, and lack of inspections for the last six years can hardly be described as strict adherence to world’s best practice. Dr Mohamed ElBaradei, in his speech on 11 June 2007 to the IAEA Board of Governors, stated:

I should also underline that, even with the proposed budget, the Agency’s financial situation remains vulnerable, and we still fall short of what is needed to carry out our mission in an effective manner. Significant additional resources are still sorely needed. Our laboratories are full of equipment that is outdated, although vital to carry out essential verification, safety and development functions. Our nuclear security programme remains 90% funded through unpredictable and heavily conditioned voluntary contributions. Our safety department continues to rely heavily on extra-budgetary staff.

And these are the people we rely on as a nation to track what happens to Australian uranium when it is shipped overseas. The standing committee report recommends that...
Australia work with other countries to support the increased resources to this under-funded and understaffed agency, and the Australian Greens welcome this recommendation.

I would also like to note that the human rights situation in Russia is appalling. Russia’s inadequate protections for protesters, trade unions and whistleblowers, as well as media censorship, make the credibility of Russian democracy or the rule of law there highly suspect. Russia is an erratic, unreliable and essentially undemocratic state, a state that uses military invasion and suppression of people in neighbouring countries. This is not a regime we should be sending uranium to.

It is a matter of note that the Australian Greens oppose all uranium mining and export. This is the first step in the nuclear fuel chain that leads to nuclear weapons. Nuclear power stations today—and there are more than 400 of them in the world—are essentially plutonium factories. Uranium mining is an ecologically damaging link in the nuclear chain because for every tonne of uranium oxide that we produce and export hundreds of thousands of tonnes of radioactive wastes, or tailings, are left behind at the mine sites. Often these tailings are just dumped in huge dams near the mine sites and left to the effects of the elements. These tailings, or wastes, contain about 80 per cent of the radioactivity that was contained in the original ore. One of the major isotopes from uranium mine tailings is thorium-230 with a half-life of 75,000 years. Uranium-238, the most prevalent isotope in uranium ore, has a half-life of about 4½ billion years—that is approximately the age of our planet—and only half the atoms will decay in that amount of time.

Uranium mining is hazardous to human health. The wind carries radon gas and radioactive dust from these tailings for many miles. Uranium miners are exposed to the gas and to other process chemicals and so on that are associated with uranium mining and they suffer increased rates of lung cancer, according to the physicians of the Medical Association for Prevention of War.

Uranium mining also requires an enormous amount of water. BHP Billiton’s Olympic Dam mine in South Australia, the driest state in the world’s driest continent, uses around 33 million litres of water every single day. A proposed expansion of this mine would increase this to up to 162 million litres per day. This water essentially becomes radioactive waste after it has been through the process and it is placed in evaporation ponds that are not always adequately secured from the elements. Historically, Indigenous people’s lands have also been used to mine uranium—this is happening in the present day—to dump radioactive wastes and detonate atomic bombs both above ground and below ground, resulting in huge radioactive contamination.

The Howard-Putin Australia-Russia Nuclear Cooperation Agreement is a 30-year proposed agreement. It is an extremely poor and ineffective instrument for dealing with substances that remain radiotoxic to humans for half-lives of millions of years. The Rudd government should strongly take the advice of the Joint Standing Committee on Treaties and not proceed with ratification. The Greens strongly support the recommendations as printed in this report.

Senator BIRMINGHAM (South Australia) (10.03 am)—I rise to speak on report No. 94 of the Joint Standing Committee on Treaties and wish to deal primarily with the agreement with the Russian Federation on cooperation in the use of nuclear energy for peaceful purposes but will also say a couple
of words about the other treaty that is under consideration.

The report tabled today shows the absolute confusion and division that reigns supreme in the Labor Party when it comes to uranium and nuclear policies. It is quite amazing to see the way the Labor Party ties itself up in knots and contortions over uranium and its usage, export and mining. We see today just how totally divided the Labor Party clearly remains when it comes to uranium policy in Australia because today we have yet another new position from the government when it comes to uranium mining and the export of uranium. Today we have a report from the government dominated treaties committee, the majority recommendation of which is that we not ratify a treaty with the Russian Federation for the peaceful use of uranium—quite amazing. Mr Acting Deputy President Bishop, you being a Western Australian, you would have followed the debate in your home state over uranium mining in recent weeks and you would have seen how ineffective the Labor Party position taken by the former Premier was there. We saw Labor for many years tie itself up in knots over the three-mines policy, about how many mines we should have. Three mines seemed to be enough, apparently.

Senator Abetz—Three were moral; four mines were immoral!

Senator BIRMINGHAM—That is right, Senator Abetz. As you say, three mines were acceptable. Three mines was a moral position; four mines, no. Four mines were too much. That was too much. It did not matter how large those three mines got. In my home state of South Australia the Olympic Dam mine could get as big as it wanted. That did not matter. As long as it was not a separate mine—a fourth mine. That was not going to be the problem.

Now we see the government tie itself up in knots in relation to the export of uranium. China, of course, is okay. We expect from the Prime Minister that China would be an okay destination for uranium. India though—no, certainly not India; India would not be okay at all. Yet today we discover with the tabling of this treaty—Russia? We are not sure. That is right. We are not sure. China is okay. India is not. And Russia? It seems that the government is having a bob each way because the dominant left-wing members of this treaty committee have said no. They have said, ‘No way.’ Today what needs to happen is for the Minister for Foreign Affairs, the Minister for Trade and the Prime Minister to come out and clarify the government’s position on this important treaty. Tell us, are you for it or agin it? Will you ratify it or will you not? Because that is what the Australian people demand.

This treaty was negotiated in good faith with the Russian Federation, negotiated by the previous government to maximise our export opportunities but to ensure that we do so with the utmost of peaceful safeguards in place. That is why this treaty was negotiated by the former Prime Minister, the former foreign minister and the former government. There has been no word to date from the senior office-bearers of the new Rudd Labor government to say that they are against this treaty—no word at all. Instead, we have a collection of members of the Joint Standing Committee on Treaties telling us that the government is against it. The position needs to be clarified today and the challenge is on for the Prime Minister and his ministers to come out and clarify it.

Senator Cash and Senator McGauran have highlighted the fact that what we have in this report is evidence versus assertions—clear, reasonable, valid evidence versus assertions. We have evidence that was tabled from a number of bodies that demonstrates that this
treaty puts in place the appropriate safeguards for Australia to confidently export uranium to the Russian Federation for peaceful purposes in the same way as we do with many other countries, including the aforementioned China. Mr John Carlson, of the Australian Safeguards and Non-Proliferation Office, told the committee that another key factor in the reasons why this treaty should be ratified was the major upgrading of nuclear safety, security and safeguards achieved through international collaboration with Russia since the early 1990s. Since that period, there have been at least 17 significant multilateral and bilateral assistance programs aimed at improving safety and security in Russia’s nuclear sector, totalling well over US$10 billion. That is right. Significant work has been done over the years to improve Russia’s standing, noting that, up until the early 1990s, Australia had similar arrangements in place with the former Soviet Union. That is right. We had treaty obligations then with the former Soviet Union because we recognised that this was not a debate about nuclear weapons. The ship has sailed on that, I am afraid. When it comes to Russia and the former Soviet Union, the ship sailed many, many decades ago—long before I was born and long before Senator Ludlam was born. So this is not a debate about that; it is a debate about the effective and safe use of nuclear energy.

Energy is the important thing. I would have thought that a government who spends a lot of time talking about climate change policies, and the Greens, who spend even more time talking about climate change policies, would have recognised the fundamental importance of uranium to addressing Russia’s emissions into the future. And it is important, because Russia is the world’s third largest energy consumer—and I cite the report, which the government has chosen to overlook—and currently has 31 operating nuclear power plants, providing about 16 per cent of energy demand. We all know that Russia is a strong, growing economy, an economy that is one of the brick economies of the world. Brazil, Russia, India and China are all surging ahead, and all of them are expected to need significantly increased energy demands into the future. If they are to meet those energy demands, if their economy is going to keep growing as anticipated, and they are to do so without contributing to global warming and to climate change issues, they need to do so from clean technologies like nuclear technology. That is why Russia intends to build up to 40 new nuclear power plants to meet this demand. Quite clearly this is a very important treaty for Australia. Russia is going to be one of the world’s largest users of uranium. It is better that they source it from a country that insists on the type of safeguards that Australia does, and it is better for the Australian economy that they source it from a country such as Australia. There are great opportunities in Senator Cash’s home state—and your home state, Mr Acting Deputy President Bishop—of Western Australia. The safe exporting of uranium is of fundamental, critical importance to my home state of South Australia and for maximising our market potentials in these areas. Today, I again and finally urge the government, and the Prime Minister, to clarify their position in relation to this treaty and its potential ratification.

Lastly, can I say a couple of quick words about the treaty between Australia and the United States of America concerning defence trade cooperation. This treaty goes particularly to issues around procurement and trade in defence items and infrastructure. Again, it is very important to my home state of South Australia and it is very important to large tracts of the defence industry around Australia. It seeks to make easier the arrangements between Australia and the United States in
terms of the personnel who are employed—to ensure that appropriate safeguards are in place for those personnel. What is important are a couple of factors to be considered, though. We strongly support ratification of this treaty, but we also urge that the United States hasten its ratification of it. It is important that it get through, ideally, in the current congress and not be stalled until afterwards and into next year. Just as the Australian government is taking swift action, we urge the United States government to take equally swift action. We also urge the Australian government to look at the remaining conditions that may fall outside the reign of this treaty for defence industries in Australia, particularly as they relate to requirements to get exemptions from antidiscrimination laws and to get appropriate security clearances for different people working in those industries. I would urge the government to work with the defence industry in those remaining sectors to ensure that the burdens placed upon them are minimised as far as possible.

**Senator MILNE** (Tasmania) (10.12 am)—I rise today to support the recommendations in the report of the Joint Standing Committee on Treaties. It is a decision which should have been made before any such deal with Russia was signed in the first place. It was very clear, leading up to APEC last year, that the Russians were receding from any notion of democracy and engagement but instead were going back to the old KGB days under President Putin, now the Prime Minister. That is obvious. I am not surprised to hear this kind of thing from the coalition—it was Bob Menzies, after all, who thought that profits from the sale of pig-iron to Japan were a great idea, and look where that got us. We are seeing here today exactly the same thing. We are hearing about the profits for Western Australia. Senator Cash is thinking that the income to Western Australia would be fabulous.

**Senator Cash**—There are environmental benefits as well.

**Senator MILNE**—Senator Birmingham’s attitude is: ‘Bring in the money; we don’t care about human rights; we don’t care about global peace; we don’t care about foreign policy.’

**Senator Ian Macdonald**—What about greenhouse gas emissions?

**Senator MILNE**—I love it when they take me on on climate change. This is a bag-load of people who know nothing about climate change; they have never engaged on climate change and now they want to talk to me about climate change.

**Senator Cash interjecting**—

**Senator MILNE**—Let me tell you something. Senator Cash. Prime Minister Putin wants to be the energy tsar of Europe.

**Opposition senators interjecting**—

**The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)**—Order! Senator Milne, would you care to direct your comments through the chair.

**Senator MILNE**—Thank you, Mr Acting Deputy President. I would point out to the Senate that Prime Minister Putin wants to be the energy tsar of Europe. Russia is so rich in energy that, when it threatens to turn off the tap, Europe quakes. So to suggest here today that Russian needs this uranium to meet its obligations in terms of energy supply is an utter and absolute nonsense.

Let me go first of all to the displacement of Russian uranium to Iran. We have heard from the opposition that the safeguards are fabulous—they are all in place. So tell me why the IAEA cannot guarantee that the reactor in Iran is being built for civilian purposes. The reason they cannot is that they do not know because there is so little money going to the IAEA to actually implement safeguards that it is a joke. If you cannot say
whether that Russian built reactor in Iran today is capable of producing plutonium at weapons grade material then you most certainly cannot trust the Russians.

I would also point out that at the moment in Russia under the Putin regime—and let’s not fool ourselves about who is running Russia—we have human rights abuses on a gross scale. We have Larisa Arap, a young activist in a psychiatric institution, a regression back to the punitive psychiatry of the old days. We have the murder and bashing of activists outside the Angarsk nuclear facility where Australian uranium will be going. That might be all right for Senator McGauran, it might be fine for Senator Cash and Senator Birmingham, but I do not think it is all right for anti-nuclear activists to be bashed and killed outside a facility to which Australian uranium would be going.

Furthermore, NGOs in Russia are being suppressed; alternative political parties are being suppressed. Khordokovsky remains in jail throughout the Duma elections. Why? It is to suppress the democracy movement in Russia. You only have to look at what has gone on in Chechnya and in Georgia. We know now the Russians are supplying passports at a great rate in the Crimea. What an irony it is, 100 years after the First World War caused by the assassination of Archduke Ferdinand in that region, that we have the Russians sending in passports in huge numbers in order to later justify an armed incursion into the Ukraine, which is where this is headed. We all know that is where this is headed.

So to be suggesting that this is somehow an unadulterated good deal is ridiculous. We know about human rights oppression, we know about aggression, we know about how the secret services in Russia are disposing of people in all kinds of institutions and in other ways. What about the journalists? It is the most dangerous place in the world for journalists, who are assassinated for any kind of adverse reporting. We have Gregory Pasko, who was jailed for five years because he dared to report that the Russians were dumping nuclear waste into the Pacific Ocean—he was jailed for that. Apparently, the coalition thinks that that is fine; that is transparent. We are not worried about journalists being assassinated; we are not worried about journalists being jailed for reporting what is happening to nuclear waste. We are not worried about what the Russians are doing in Iran. We are not worried about suppression of NGOs, suppression of the democracy movement, jailing of people like Khordokovsky—he was jailed not for tax fraud but because he was financing the democracy movement in Russia.

We have a globally dangerous situation with the Russians at the moment. The Europeans know it, the Americans know it; everybody is now discussing what to do about Russia. This is not a trivial matter in the manner that it has been trivialised by the coalition today. I find it completely offensive that Senator McGauran referred to people giving evidence to this inquiry as ‘fruitloops’ for example, or that people are suggesting that there is nothing in it when we talk about the inadequacy of the safeguards.

Professor Rothwell from ANU stated before APEC last year that, at the very least, we could have signed the additional protocol. That would have been an improvement in the safeguards. The additional protocol was not even required by Prime Minister Howard at the time. Furthermore, the Europeans put human rights into every treaty with the Russians so that in the event that human rights are abused they can then question whether the treaty proceeds. Prime Minister Howard was not prepared to put human rights into that treaty because he knew, as we all knew, that human rights are being abused in Russia.
every day. That should have been in there at the very least and it was not.

I might also point out to the coalition that on his way to Australia for APEC, President Putin called in to Indonesia. Why? Because he wanted to sign a new weapons arrangement with Indonesia whereby the Russians will provide the Indonesians with weapons. He made it clear to the Indonesians that that would not be conditional on human rights. Why? Because the Indonesians need to access weapons and they do not want to be scrutinised on the human rights abuses that might be going on or on however they want to handle their own domestic affairs. That should be a very clear signal to Australia that sending uranium to Russia, where you cannot verify what happens to it because the IAEA is not funded to be able to do that, is a dangerous undertaking. Even if you do send it to a facility which you could guarantee it will displace Russian uranium into the weapons program to be supplied overseas to reactors like that in Iran.

This was obvious last year and I am interested to know why the government has changed its perspective because at APEC the Labor Party was right there with Prime Minister Howard saying how fabulous President Putin’s deal was and fawning along with the rest of them. However, I am at least pleased that what has gone on in Russia has come across the radar of the Labor Party and that the government now realises just how dangerous this regime is. I appreciate the fact that this treaty is now on hold.

I think it is really important that the condition that no treaty should proceed without it being conditional on human rights and the advancement of democracy is added to our treaties. That is what the European Union put in their treaties and that is what we should put in our treaties if we are serious about being anything other than a greedy country seeking to maximise the income from our resource extraction regardless of human rights and democratic outcomes. I would like to see that as an additional condition when the government reconsiders this particular arrangement. I think the photograph of Prime Minister Howard shaking hands, the great agreement, with President Putin—the great reception in Australia—will come back to haunt this country and particularly to haunt this coalition for a long time into the future.

Senator IAN MACDONALD (Queensland) (10.22 am)—I have been attracted to this debate on the treaties committee’s report by the comments made by my colleagues on the impact of this treaty, particularly as it relates to uranium. I repeat Senator Birmingham’s question to the government: why was it that uranium from three mines was good but uranium from four mines was bad? I have yet to have anyone from the government explain that at all. I am also curious to have Senator Milne explain her views to me—because she is the expert; she told us that! We are very grateful that Senator Milne is in this chamber, because we do benefit from her great expertise in these areas—because she told us she had great expertise!

Senator Abetz—Lucky she told us; we wouldn’t have known otherwise!

Senator IAN MACDONALD—That is exactly right, Senator Abetz.

Senator Forshaw—Why don’t I believe you when you say that?

Senator IAN MACDONALD—Perhaps I should say for Hansard’s benefit that I intend great irony when I say that, because Senator Milne suggests that none of us has a view that is worth having; she is the expert. I hear her and her colleagues in the Greens talking all the time about greenhouse gas emissions and the carbon exuded into the climate. One way that you could seriously address that is by nuclear power, which has no carbon prob-
lems, yet for some reason Senator Milne, who tells us the world is about to come to an end, does not want to even consider a source of power that is clean of carbon emissions. Senator Milne prefers to shut Australia down. I just think of what might happen to all those working families that the government spoke so much about if they are captives of the Greens’ position on these issues. I wonder what will happen to all the miners up in the Bowen Basin coalfields, up where I come from, if the government are forced into a position by the Greens in this chamber. It could cause huge problems for working families and, indeed, for our whole economy. I wish that Senator Milne and her colleagues in the Greens could explain to me why uranium is not worth looking at. I am not saying we should do it, but it should be part of the consideration of the problems we are having with greenhouse gases.

I know the Labor Party has been all over the ship with uranium, and I know the leader of the AWU in Queensland, Mr Bill Ludwig, has been very vocal in calling for some sensible policy on uranium. I see some of my colleagues from the Labor Party in the chamber, and they might be able to explain to me exactly what the government’s position is on uranium, because I know that some of the very powerful unions, particularly in my state, have a view that is contrary to that of the government. We all know that this government is where it is through that massive campaign of the unions at the last election. What was it that they spent on supporting the government—about $40 million?

Senator Abetz—At least.

Senator Bushby—More than the major parties combined.

Senator IAN MACDONALD—More than the major parties combined. That is what the unions spent to get Mr Rudd where he is at the moment, so he and the rest of the government are totally beholden to the union movement. That raises this question of what the government is going to do about uranium, because in my state of Queensland there are vast uranium resources. The AWU, led by Mr Bill Ludwig, has been, as I say, very vocal in asking the government to have a more sensible policy than it currently has. I notice Senator Sterle in the chamber, and I hope he will be participating in this debate, because he can tell me what the Western Australian Labor Party position is. We know the former state government in Western Australia had a very odd policy on uranium mining, but perhaps Senator Sterle could indicate to us what the federal Labor government’s view is on this issue at the present time.

This treaty that has been spoken about today is very relevant to Australia’s position in the world, it is very relevant to the climate change issues we continue to talk about and it is also very relevant to Australia’s ongoing prosperity. As I think Senator Birmingham mentioned, China seems to be okay to trade with but India is not when it comes to uranium. One wonders why this could be. Perhaps it is Mr Rudd’s fascination with China that allows him to make that distinction, but it is one that is very interesting and very germane to the treaty report before the chamber at the moment.

Question agreed to.

Rural and Regional Affairs and Transport Committee
Report

Senator STERLE (Western Australia) (10.28 am)—I present the report of the Senate Standing Committee on Rural and Regional Affairs and Transport on the administration of the Civil Aviation Safety Authority and related matters, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.
Senator STERLE—I move:

That the Senate take note of the report.

On 29 May 2008 the Senate Standing Committee on Rural and Regional Affairs and Transport resolved to hold an inquiry to consider the administration of the Civil Aviation Safety Authority. The committee called for submissions and held hearings in Canberra in July. In all, 61 submissions were received by the committee. They were made by a number of representatives: individuals, engineers, aero clubs, flight groups, pilot associations, regional and metropolitan aviation associations, larger commercial aviation providers as well as CASA and ex-CASA employees.

In 2003 CASA embarked on an extensive program of reform, involving all elements of its organisational and regulatory structure. Unfortunately, evidence provided to the committee suggests that this reform process has not been satisfactory to many in the aviation industry or to the committee members. This inquiry allowed the committee the opportunity to hear of the reforms and initiatives undertaken by CASA and to discuss the progress made on them over the past five years since the review was undertaken. In its submission to the inquiry CASA provided an overview of the change program which had been implemented since 2003. Elements of the program included management and staffing measures, regulatory reform, operational measures, industry safety, education and training.

After five years of extensive change management, the committee was interested to understand the extent to which industry shared CASA’s confidence that the structural changes within CASA have better aligned the regulator with the industry it regulates and facilitated better and more efficient management and operations. Through submissions and information presented during this inquiry, the committee was informed that CASA’s regulatory reform process since 2003 was very slow and required conclusion as quickly as possible to provide certainty to industry and to ensure CASA and the industry were ready to address future safety challenges.

The regulatory reform program’s implementation had been deferred and delayed over the past five years. Now, five years later, this program still has not been completed. The regulatory reform program was initially supported by the aviation industry as a way of improving and enhancing CASA’s abilities in Australian aviation. Unfortunately, CASA did not progress with the regulatory reform program and it, therefore, became sadly ineffectual. Submitters to the inquiry expressed concern at the lack of progress of the regulatory reform program and suggested that the aviation industry has begun to lose patience with what one submitter described as the ‘glacial’ pace of reform.

Further, over time CASA lost valuable staff and human resources, as its employees and managers moved out of the organisation. The loss to CASA and to Australian aviation regulation and safety with the loss of these staff and their corporate knowledge has been significant. Mr Shane Carmody, the Deputy CEO of CASA, informed the committee that, as a result of the sustained change management program, CASA has experienced a significant turnover in staff. Specifically, Mr Carmody informed the committee that there had been a 50 per cent turnover in CASA staff and that, of those, 134 staff had been offered a redundancy. Based on responses to questions on notice, CASA also confirmed that 128 staff had been affected by the CASA restructure and other efficiencies during the period from 16 November 2005 to 30 June 2008. Of those, 82 staff had accepted a voluntary redundancy and 16 had separated through resignation. The committee understands that 53 of the officers who accepted...
voluntary redundancies were Canberra based.

The committee was concerned and wanted to understand what impact such a significant turnover in staff has had on CASA’s ability to maintain the technical competence of its staff. A number of submissions received also expressed concern at the extent to which CASA currently has access to sufficient adequately trained technical staff to meet its regulatory responsibilities. Some submitters also argued that safety standards could be compromised as a result. A former CASA employee told the committee that CASA had few technical staff still in its employ and that most of the new recruits who are technically competent are often not adequately trained for the regulatory role.

A similar review of regulatory reform was completed in Canada and another is currently underway in the USA. An outcome which bears some resemblance to Australia’s situation is that the aviation regulatory and safety bodies focus their energies on maintaining partnerships with industry rather than regulating the aviation providers themselves. In Qantas’s submission there was an important note. It described CASA’s role simply as one of regulation and to tell industry what needs to be done to maintain safety in the air. Qantas said that the aviation industry do not want or need a partnership with CASA; they need a regulator.

The committee also received a range of suggestions regarding avenues for strengthening CASA’s relationships with the aviation industry. Principal among these was the need for more effective use of consultative mechanisms. It is a statutory requirement that CASA must publicly consult on all proposed legislative changes which will affect business or restrict competition. The Australian Federation of Air Pilots considered that CASA’s consultative and communication processes have improved but also highlighted the need for improvement in CASA’s less formal communication with industry.
Virgin Blue’s submission also suggested improvements to CASA’s approach to consultation, focusing on the CASA executive and industry. This recommendation for greater consultation between industry and CASA was also reflected in Qantas’s submission.

The Australian and International Pilots Association informed the committee that it had found consultation with CASA to be unnecessarily frustrating and difficult due to inefficiencies. AIPA also argued that poor project management had the capacity to undermine confidence in the consultation process. What also came out very loud and clear from submitters was that there should be a requirement to re-implement a board to oversee CASA.

On that note, I would like to thank my fellow committee members and also the secretariat for their hard work at such short notice. We have a number of inquiries on the go. I thank everyone else for their help.

Senator HEFFERNAN (New South Wales) (10.38 am)—As Senator Abetz, who is in the chamber, would know, I am not here to talk about Gunns in Tasmania and I am not here to talk about the High Court; I am here to talk about this report—and you owe me five dollars! I support the chair’s remarks on the report and the enthusiasm which the committee took to that report. One of the great difficulties for the flying public is to be confident that it is a safe environment. One of the precursors of that is for us to have confidence in the Civil Aviation Safety Authority as the supervising authority.

This report rings some warning bells for the continuing relationship between air safety and viable airlines. One of the risks for all airlines is that, in the competitive market of discounted airfares, the airline, to protect its financial capacity to fly, may endanger its physical capacity to fly—in other words, if they cut back the maintenance enough the planes eventually start falling out of the sky. To that end, there have been some concerns raised by the Australian public and certainly by people in the industry that discounted maintenance could be a problem. So there needs to be confidence in the board to supervise maintenance of aircraft in places like Malaysia, and I intend to table a couple of documents to that effect in a moment.

The committee is very much of the view that we need to have a small board overseeing CASA. This would bring to account some of what is seen as unaccountability for the inconsistency of treatment by CASA officers in various regions. There does not seem to be harmonisation across the regions and, as the chairman said, the Aircraft Owners and Pilots Association of Australia raised that issue. The report says:

The Aircraft Owners and Pilots Association … criticised response times and lack of assistance from CASA senior management. At the same time, AOPAA emphasised that there are many knowledgeable and helpful CASA staff. AOPAA told the Committee:

‘… it takes an inordinate length of time to get a response from CASA senior management and sometimes the responses we get are, shall we say, less than helpful. Whereas, when we deal with staff who are at the coalface, we find them to be very helpful. We get on and we get results.’

Then concerns were raised about who these people are that CASA sends out to supervise operators and keep flying safe. As the chairman said, the turnover of staff in CASA is, to say the least, unusually high. Whether that is personality based or career based I am unaware, but CASA informed the committee:

…the issue of training is something that we are aware of. It is probably the last major part of the change program to really nail down. I reiterate the point that we do have a lot of new people who have current technical qualifications.

I have to say, we were given examples where CASA people came out to supervise some
technical aspects of maintenance where the person who was doing the maintaining obviously knew more than the person who was doing the supervising. That was a problem. The Aerial Agriculture Association raised the same problem of inconsistency in the interpretation and application of CASA policy. They are a vital little flying force out there in the bush, but they see themselves having less relevance and getting rougher treatment sometimes from the CASA people. They are issues that emphasise the case, as the chairman has said. The committee recommended:

… introducing a small board of up to five members to provide enhanced oversight and strategic direction for CASA—
as well as bringing to account, as it were, the capacity of people who have a complaint to go to the board, which can then go and say how-do-you-do to the senior staff at CASA, whereas in the present arrangement someone out in the bush, down the track or in a city who has a problem can sometimes, because of the blockers that are in the system, never get access to senior enough staff to meaningfully put their problems.

The great challenge for the future of flying is for the airlines at some point in time to understand that they are actually going to have to tell the flying public the real cost of flying. Because of discounting, the real cost of flying at the moment is in many ways not being reflected, which means there is less emphasis on repairs and maintenance and more on discounting fares. I think that is going to be a serious problem in the future, unless somehow the flying public understands that there are certain set costs in the system. Paying for your lunch on the plane is token compared to some of the serious maintenance that has to go on. To that end, we need to protect our brand names. Qantas is just one of the best branded entities on the planet, and we need to protect Qantas at all costs.

By the way, I have to declare two things. I am an old pilot. I got my pilot’s licence in 1965—God knows how I got it. I flew for 20 years or so and did not kill myself, but I have given up flying. It is one of those miracles. I have to say that I was showing off to a girlfriend once and nearly crashed into the roof of a house. I nearly took the TV aerial off. Those were the days of B&S balls et cetera. But I am a pilot and, I have to say, my daughter is a proud employee of Qantas.

Senator Ian Macdonald—You might have CASA chasing you for that.

Senator HEFFERNAN—No, it is outside the statute of limitations or whatever it is. We were bush pilots; we could not land at Qantas but we could land on a lignum track!

This is a serious problem of protecting Australia’s aviation industry and protecting the brand name of our major flyers. There are several good airlines and there are certainly some good regional airlines, but the public needs to know that the people who are doing the supervising are up to the task. To that end, I would like to table two paper clippings which I have shown the government and the Leader of the Opposition, which talk about—

The ACTING DEPUTY PRESIDENT (Senator Humphries)—Senator Heffernan, it being 10.45 am, the time for consideration of reports has expired. Do you wish to table those two documents?

Senator HEFFERNAN—I seek leave to table these two documents and to continue my remarks later.

Leave granted; debate adjourned.
AUSTRALIAN RESEARCH COUNCIL
AMENDMENT BILL 2008

First Reading

Bill received from the House of Representatives.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (10.46 am)—I move:

That this bill may proceed without formalities and be now read a first time.

Question agreed to.

Bill read a first time.

Second Reading

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (10.46 am)—I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in Hansard.

Leave granted.

The speech read as follows—

AUSTRALIAN RESEARCH COUNCIL AMENDMENT BILL 2008

The Australian Research Council Amendment Bill amends the Australian Research Council Act to increase the funding limits for the special appropriation and insert a new funding limit for the last year of the forward estimates period.

The bill provides an extra $942.9 million over four years to index and continue the Australian Research Council’s existing research funding schemes and to establish the Future Fellowships Scheme.

Australia’s researchers make a vital contribution to the nation’s prosperity and wellbeing. They deliver outcomes that matter to all Australians – stronger communities, more good jobs, a cleaner environment, better public services, a richer culture, and greater security now and for the future.

That is why it is so important to foster research talent and create viable career paths for gifted researchers.

The new Future Fellowships Scheme will give exceptional Australian and international researchers a real chance to build a career in this country.

At present, many highly qualified mid-career researchers have to further their careers overseas due to lack of opportunities in Australia.

The Future Fellowships Scheme addresses this problem by making funding available for 1,000 four-year fellowships over the next five years.

Preference will be given to researchers who can forge partnerships with industry, other research institutions, and other disciplines. The fellowships will also be available to overseas researchers, opening up new opportunities for international collaboration.

The Future Fellowships Scheme is an election promise, an important element of the government’s education revolution, and a significant investment in Australian talent and Australian research capacity. I commend the bill to the Senate.

Ordered that further consideration of the second reading of this bill be adjourned to the first sitting day of the next period of sittings, in accordance with standing order 111.

COMMITTEES

State Government Financial Management Committee
Report

Senator IAN MACDONALD (Queensland) (10.47 am)—I present the report of the Select Committee on State Government Financial Management, together with the Hansard record of proceedings and documents presented to the committee.

Ordered that the report be printed.

Senator IAN MACDONALD—by leave—I move:

That the Senate take note of the report.

First of all, I extend my and the committee’s thanks to the committee secretariat. This particular reference and this inquiry is a very technical one. I think I speak for all the committee members in saying that much of
the evidence we got was of a highly technical nature. Some of us were not as well equipped to deal with that as, perhaps, others were, but the secretariat did a magnificent job. I particularly want to mention Mr Stephen Palethorpe and Mr Tim Watling and their staff for the excellent support they gave to the committee. I also thank all of those witnesses who appeared before the committee. Some travelled great distances to assist the committee with the evidence they gave. The committee is particularly grateful to witnesses.

To speak to this report properly will take more than the 10 minutes that is allowed to me today but I want to make some general comments. I will come back to the report in more detail when time permits later in the Senate’s schedule. By and large, the committee heard and I think accepted that the financial management of the relevant state governments around Australia was pretty poor. You only have to look at the New South Wales situation in recent days to give justification to that conclusion. I particularly want to thank Mr Michael Costa, the former Treasurer in New South Wales, who had a parting shot at his former government colleagues when he resigned. He indicated that stamp duty revenues had fallen by $180 million in the first two months of the financial year, the health budget had blown out by $300 million this year alone, and there was a $5 billion capital funding shortfall over the next five years causing Standard and Poor’s to warn that there was a one in three chance of New South Wales losing its AAA rating which would, in turn, raise borrowing costs by over $500 million over the forward estimates.

If you looked at the material presented to us, perhaps you would see that we have not come to such a clear conclusion as Mr Costa made available to us in his media conference. This was one of the issues that the committee found some difficulty with during its inquiry. State governments across the country put out various reports, graphs and details of their financial positions, but they are practically meaningless. One would almost think that the way they present their reports is designed to ensure that the public has no idea of the real state of play in state government finances. That is why one of the committee’s recommendations is that there should be a uniform and simple process for all state governments to report so that you can make an assessment of the financial management of particular state governments.

The GST has been a huge windfall gain for state government finances but, as I will mention in more detail later, they have in many cases squandered the money that has been received. There is evidence to back this up and it is all mentioned in the report. You might recall that part of the deal for the states was to remove a certain number of state taxes, but the committee was disappointed to learn that not all states have done that. That is set out more fully in the report.

The evidence before the committee showed that state governments have generally failed in infrastructure investment and, in recent years, when they have borrowed to try to catch up on the core infrastructure, they have in fact put upward pressure on inflation. We often hear this government saying a whole lot about inflation. I never hear them saying, though, that to a degree the state governments’ ill-timed infrastructure investment has been a real cause of rising inflation in Australia, and I am delighted that our inquiry was able to highlight that evidence. I will detail that a little later in my speech or when I have the ability at some other time.

I want to refer to particular items in the report that may be of interest. We heard that state governments, as I say, have had a major
windfall with the GST but that they have not spent it well. I refer to paragraph 4.42 of the report where we detailed that, between 1996 and 2007, the number of public sector employees in the Australian government decreased by 121,700. But, over the same time, public sector employees at the state level increased by 210,700 in number. If you could say that that is because the states are giving increased service to their constituents that might be excusable, but you can pick up any newspaper in any state capital to see the huge problems that state bureaucracies are having in running hospitals, running schools or, in fact, running anything. So that money has been squandered. Also, the report highlights that, between 1996 and 2007, the amount spent by the Commonwealth government on wages increased by 12 per cent. At the same time, state governments’ wages bills increased by 95 per cent. You can just imagine what that is doing to inflation.

I note table 4.6 in the report. Again, it deals with superannuation. State governments will give you headlines and produce some figures saying that they are doing pretty well, but when you look at superannuation liabilities, which, in the main, are unfunded, you see the real position. In relation to the net debt in the general government sector, Queensland’s figures, for example—I will use my own state—show that they have not a net debt but a surplus of some $24 billion for the current financial year which will fall to a surplus of about $13 billion in 2011-12. But, if you include the unfunded superannuation, you will find that what the Queensland government told us was a surplus of $13 billion is in fact a deficit of something like $11 billion—and that is unfunded. That is the sort of financial management we heard about during the inquiry.

I have many, many examples to support my contention that the states have managed poorly, and I very much look forward to being able to advise the Senate of them. But can I just refer the Senate to page 65 of our report where we look at government business enterprises. The Productivity Commission conducted an investigation and found that over half of the government business enterprises they investigated failed to achieve a return on assets above the risk-free rate of return. Further, they found that 12 GBEs, or 14 per cent, failed to achieve a positive return on their assets and, in total, GBEs made payments to owner governments of almost $4.4 billion but poor profitability has led to inadequate returns. The evidence provided to us listed a number of government business enterprises who paid to their shareholding governments more than 100 per cent of their profits as dividends to suit the political purposes of the relevant state government owner. They are listed in the appendix 6 of the report. I am concerned at the way states have managed their finances— (Time expired)

Senator FORSHAW (New South Wales) (10.58 am)—I rise to speak to this report and particularly to refer to the government senators minority report. Firstly, I endorse the comments of the Chair of the Senate Select Committee on State Government Financial Management, Senator Ian Macdonald, in thanking the secretariat for the work they did during the conduct of the inquiry and in putting this report together. But it is necessary to go back and look at how this select committee inquiry was established because it relates very clearly to what the purpose of this inquiry was about. We have just had that confirmed in the speech by Senator Macdonald.

This select committee inquiry was established within the first couple of days of the sitting of the new parliament following the election of the Rudd Labor government. I can recall the debate that occurred at that time, on 13 February, when the opposition came into this Senate and moved to establish
three select committees—one of which is this one to look at state government financial management—with a majority of opposition senators on each of those select committees and an opposition chair.

In all of the 12 years that the Howard government was in office, not once did they ever seek to refer to the standing committee of the Senate—or to establish a select committee on—the issue of state government financial management. That is not to say they were not critical of it. I am not here today to defend state government financial management—that is their job—but not once in those 12 years did the Howard government seek to establish such a committee. And certainly not once since they gained control of the Senate, in July 2005, with a majority of coalition senators did they even seek to establish any select committee into any area. Yet on the first full day of sitting of this parliament under the new Labor government they decided they would get on the political attack straightaway, get stuck into the state governments, and they set this inquiry up.

What is interesting is that the first closing date for submissions was to be 19 March. That had to be extended. In the majority report it says that that was due to time pressures associated with the committee’s hearing program. The real reason why it had to be extended was that they received very few submissions. They had about 18 submissions, and most of their state colleagues in the oppositions had not got around to putting a submission in to attack their Labor governments. They had to be wound up, they had to be contacted and told, ‘Get your submission in,’ so the opposition could actually make something out of this inquiry. That is what happened, so the dates were extended.

We reject the assertions in this majority report that this committee was established, in a serious way, to look at state-federal government relations and state government financial management. While the majority report covers some important and interesting areas, such as specific purpose payments, the need for infrastructure spending, issues to do with financial reporting, Commonwealth-state government financial relations, local government and so on, it is essentially based on the submissions made by state oppositions—state shadow treasurers, shadow finance ministers, leaders of the opposition. You read through the report and they are referred to constantly—it is their evidence—together with that of a number of academics who supported the line that was intended to be adopted by the opposition.

I am prepared to say at the outset that there are a lot of issues of concern with state government financial management. I do not deny that. It was such a godsend for the opposition that Michael Costa had that parting flourish at his press conference and did so just in time for the opposition to take some quotes out of his press conference and put it into their report, because there would have been a big black hole in their report if Mr Costa had not entertained us with his flourish as he departed the Treasury portfolio in New South Wales.

One of the major problems of the majority report is that it fails to take account of what is happening now through the COAG process. We cover this in our minority report, where we refer to the things that are being considered in the current reform process through COAG. The number of specific purpose payments will be reduced from more than 90 to five—that has been negotiated, that has been agreed upon—in the area of health care, early years education in schools, vocational education, disabilities and housing. Secondly, as we state:

... the Commonwealth will give the States the budget flexibility they need to allocate resources where they will produce the best results. The
Commonwealth will move away from the prescription of the past, and remove the input controls which inhibit State service delivery and priority setting. Instead, the focus will be on the achievement of outcomes.

Third, the Commonwealth will provide the States with more funding certainty.

There is a very interesting comment in the majority report—and like Senator Macdonald, I am going to need more time not only to deal with this report but also with the important issues that this report starts to deal with, but unfortunately, as I said, from a starting point which was clearly intended to be an attack upon state governments. It is at paragraph 2.4, where the majority report, being the opposition senators, states:

With the propensity of the Commonwealth Government in recent years to proclaim large ‘surpluses,’ one wonders why the states are not making a greater political call for ‘surplus revenue of the Commonwealth’ to be returned to them, although over the years the Commonwealth has found ways of ensuring that no true surpluses exist.

What a fascinating comment! What is being said by the opposition senators of this committee is that the states should have just asked for more of the Commonwealth’s money, because the Commonwealth, as we know, through the Howard years—the highest taxing government in the history of this country—racked up huge budget surpluses.

We have in our minority report a table which demonstrates the level of surpluses that grew each year under the Howard-Costello budgets. These were surpluses which were often projected to be at one rate but ended up at 100 per cent, 200 per cent or more above that level—surpluses regularly in excess of $5 billion to $10 billion per year. The opposition argues that the states should have asked for more money and then obviously they would not have been in such a difficult financial position. Well, I remind the opposition, I can never recall an era when the state governments have stopped asking for more money from the Commonwealth and asking for more taxation revenue—it is just an article of faith.

What it points to is one of the other major criticisms of the opposition majority report, which is that the states failed to spend on infrastructure when they should have. I can agree with that to an extent, because the states clearly have major infrastructure problems at the moment—ageing infrastructure, much of which was put into place post-World War II, that needs to be upgraded, whether it be rail, health or whatever.

The criticism that is made by the opposition is hypocritical because the prevailing orthodoxy right through the Howard government years was to budget for a surplus and reduce government debt. That was the fiscal direction set by the Commonwealth and it was clearly the prevailing economic orthodoxy that states were expected to follow, and they did. Now they are in opposition, we have the coalition coming in here and saying: ‘The states should’ve spent more money. They should’ve borrowed money, maybe, to invest in infrastructure.’ You cannot have it both ways. If the states had spent massively in the Howard years, you would have criticised them for going into debt. Now you turn around and criticise them for not building infrastructure. (Time expired)

Senator BOYCE (Queensland) (11.08 am)—I will speak briefly to give other members of the Senate Select Committee on State Government Financial Management the opportunity to say something. I would like to add my thanks to those of Senator Macdonald and Senator Forshaw to the secretariat, particularly Mr Palethorpe, Mr Watling and their staff, for this report.

Unlike Senator Forshaw, I am confident that this report in the years to come will make a valuable contribution to our under-
standing of how the states have managed their funds. It has some very, very useful information on the history of payments from the Commonwealth to the states. It contains some other extraordinarily useful graphs and tables, developed specifically for this select committee, on the way that the states have gone about accounting for their expenditure and for their assets, particularly in regard to the government business enterprise accounting procedures.

I will briefly comment on Senator Forshaw’s rather extraordinary claim that the Senate should not inquire into matters other than those that the government thinks should be the ones that get inquired into. We apparently now need the Rudd Labor government’s permission to decide on topics to inquire into. But even Senator Forshaw could not help but comment that in fact the inquiry came up with some important and interesting results; he could not get past that.

Of course Senator Forshaw could now happily bag the former Treasurer of New South Wales. But the fact remains that, even if this inquiry had happened when the Howard-Costello government was in power, the now government, the Labor Party, would still have had to produce a dissenting report. They would have had to look after their Labor mates irrespective of whether they were doing the job or not doing the job, and this report clearly points out that they were not doing the job. If this report had come down two or three months ago, I am sure the government would have been telling us what a sterling job New South Wales was doing and what a wonderful man Mr Costa was. Now that he is no longer the Treasurer, they feel safe to criticise him—when he is finally the one telling us the truth about where the big black holes are. They are not in this report but in the accounting procedures of the states.

I would also like to point out that Senator Forshaw claimed that we only had evidence from a few Liberal shadow treasurers and a couple of academics, who presumably are in Senator Macdonald’s pocket, to comment on financial management. I would have thought that perhaps Mr Derek Bazen, who is an analyst with the State Finances and Reporting Unit of Treasury, might be considered someone who is not entirely in the Liberal Party’s pocket. He talks about the need for a uniform presentation framework for the way budgets are presented. I do not think Treasury are known for their overblown language. In fact, they are known for their very measured assessments of things. Mr Bazen points out that the states do not publish their budgetary information in a uniform way; they can do it to suit their own purposes. He says:

In our monitoring of state finances we tend to rely on a uniform presentation framework, particularly because of the ability to compare what is happening between jurisdictions. But states do vary in terms of what they feel the most important fiscal indicator for their jurisdiction is, and this is why the headline measures that states report often seem a bit at odds in terms of how they present their material.

That is the very dry Treasury view of the sort of accounting that went on, which others in the report call creative accounting and even in some circumstances duplicitous, had it been used in the private sector. There is of course a lot more material in the report on infrastructure spending—the need for it, where it went and the way funding has been used by government business enterprises. But the core of this report is about the desperate need for a charter of budget honesty for the states to use in their accounting so people can be clear about what is held, what is not held and how it is being expended on behalf of the Australian taxpayers, who the opposition represents as does the government.
Senator POLLEY (Tasmania) (11.13 am)—I rise, too, to make a few comments in relation to the Select Committee on State Government Financial Management report. Firstly, I would like to acknowledge Steve Palethorpe and his secretariat for the work that they have done on this report and for their cooperation in putting together our minority report. I only want to make a few comments because I think Senator Forshaw more than adequately put the case for the government in response to what was without a doubt a committee that was established to target state Labor governments. It was one of a number of select committees that the opposition rammed through and was obviously designed to be more of a witch-hunt than a serious attempt to investigate financial management.

Might I say that from the outset this committee was a shameless political exercise by the opposition. That has been borne out by the comments of the two opposition senators who have already spoken. The opposition members were there to score as many political points as possible. Those of you who want to take the time to read the majority report will gather that. If the coalition had been serious, they would have recommended these issues to the relevant standing committee rather than setting up the political exercise we saw here. It is worth noting that the submission date for the committee was extended by six weeks back in March. Obviously the political motivations of the opposition had not got the response from their state colleagues that they would have liked.

I do have some experience of financial management, having previously worked for the state Labor government of my home state of Tasmania. The Tasmanian Labor government has done a fantastic job in the last 10 years since it has been in government. It inherited an absolute mess from the previous Liberal administration when it took power. I am a bit disappointed that my opposition colleagues from Tasmania failed to ensure that there was some credit given to a state government that actually has turned the tables. It took the good management of that Labor government to rebuild the faith of the business community, to reinvest in the future of our state and to help build the prosperity that Tasmania finds itself enjoying now. Even the opposition senators from Tasmania should give credit where credit is due—although I will be surprised if they do. It is no surprise to those of us in Tasmania, though. It is a bit of a theme in Tasmania that a Labor government seems to always have to pick up the pieces and rebuild after the Liberals have mismanaged the state.

Let us just look at what Hawke and Keating did. We are doing the same here now at the federal level after the high inflation and interest rate rise legacy of the Howard government. The government senators do not support the core conclusions and recommendations of the majority report. We do not support the first three recommendations in the majority report. While we can see merit in each state and territory government considering the benefits of implementing a charter of budget honesty, it is simply not appropriate for a Senate committee to be making recommendations requiring the direct action of other sovereign parliaments. I also find it curious that the opposition have recommended that the prospect of state income taxes be investigated—a more complex tax system! What do we get once again from this opposition? Another layer of complexity for the Australian public to deal with. They come into this chamber relentlessly espousing the importance of small business and yet here they are wanting to introduce another level of taxation on the Australian community. I seek leave to continue my remarks later.
Leave granted.

Senator BUSHBY (Tasmania) (11.17 am)—In the 20 seconds I have I would like to record my thanks to Senator Ian Macdonald for chairing the committee’s meetings in an excellent manner and my thanks to the secretariat. They approached this in a very thorough and professional manner. I would like to record my thanks to them and to back the remarks which have been made by Senator Boyce and Senator Macdonald.

The ACTING DEPUTY PRESIDENT (Senator Humphries)—Order! The time for the debate has expired.

Procedure Committee Report

Debate resumed from 17 September, on motion by Senator Ferguson:

That the Senate take note of the report.

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (11.18 am)—I move:

That:

(a) the amendment to standing order 72, contained in attachment 3 of the report, be adopted as a temporary order with effect to the end of 2008; and

(b) the amendment to standing order 25(9), at page 3 of the report, be adopted.

This Procedure Committee report was agreed across the parliament as a means of introducing some new procedures which we think will benefit the proceedings of the parliament. It was agreed, after I think a good discussion, to try and introduce some positive change that allows the parliament to function more effectively. While the list of matters considered in the report covers five issues, the report only seeks changes to procedures in relation to two. They are: firstly, the matter of questions to chairs of committees, where we think some change is useful given the way that issue has developed over the years; and, secondly, an issue which I think was raised originally by Senator Parry, an anomaly in relation to the deputy chairs of committees. Senator Parry may well speak about that. I think these are both sensible changes that have been agreed across the procedures committee and I think they should enjoy support across the Senate.

Senator PARRY (Tasmania) (11.20 am)—As Senator Evans has alluded to, the Procedure Committee has considered five matters and only made recommendations for two changes. We are certainly supportive of the changes that are proposed to the standing orders. I wish to make some other comments in relation to the Procedure Committee. It is a fairly important committee in this parliament. Whilst it does not attain a high profile, it nevertheless facilitates the smooth running of this chamber and also the structure of the Senate as to how we proceed with day-to-day business. Whilst these matters that have been adjusted are minor in nature, they nevertheless help to facilitate the smooth running of the Senate.

Another matter that has been referred to within this Procedure Committee report is the seeking of leave to make a short statement. This was discussed and debated at the Procedure Committee meeting. The report indicates that any senator at any stage can seek leave to make a short statement, and, when granting leave, leave can be granted with conditions. This was exercised in this chamber yesterday. The condition can be that leave is granted for two minutes, which in fact happened yesterday to Senator McLu-
fined as a statement that did not exceed two minutes in duration and that every time a senator sought leave to make a short statement the clocks would be set for a two-minute period. That would simplify matters and everyone would know that the short statement was for a duration of two minutes. That would not preclude in any way the Senate denying leave to make a short statement but, instead, giving leave for a longer period of time which could be set as I originally stated.

Some of my colleagues thought that a short statement definition would be of great assistance just in the day-to-day management of the place. I will give you an example that we have had, usually in the housekeeping portion of the chamber during the day, where a notice of motion is put and either lost or carried and senators seek to create a position and indicate what their position would have been on that particular motion where in fact that motion, if of a contentious nature, possibly should have been debated in a different format. So, when senators seek leave to make a short statement, we end up going into a debate. Once that debate takes place, we find that there is a rolling effect like dominoes and other senators will stand up and say, ‘I also seek leave to make a short statement.’ The short statements can be five or 10 minutes in duration, and we end up tying up a lot of time after voting a motion down, or even supporting a motion, with different parties and different senators placing their position. On one occasion this took 28 minutes, whereas a short statement would have prevented that 28 minutes elapsing if, in fact, it should have been a motion that was just dealt with on the floor of the chamber and no debate should have necessarily followed.

I am still in favour of the option of a short statement. I did suggest to the Procedure Committee that we could possibly trial that position. It was not accepted by the committee. I am not strongly arguing that we should change, but it is a position I still hold quite dearly. At some stage in the future when people have considered this matter in more detail maybe a short statement definition may be inserted into the standing orders or as a temporary order that we could trial at some stage in the chamber. I feel it would be of great assistance for the reasons that I have outlined.

The Procedure Committee also considered a very well thought out and researched paper by the former President and current Deputy President, Senator Alan Ferguson. Senator Ferguson’s submission is attached to the Procedure Committee report. It has been debated at great length, and Senator Ferguson has introduced this in private circles outside of this chamber. I would like to make a couple of comments not necessarily on the detail of Senator Ferguson’s report but some broad comments in relation to question time.

Senator Ferguson has really gone to the crux of the problem. Perception-wise in the public arena, people see question time as being something of a farce, which is a shame because I think the value of debate that occurs outside of question time in this chamber—and, indeed, in the House of Representatives—is superb. People who witness the non-question time portion of the Senate in operation are quite amazed at the intellectual capacity, the debate and the mild interjection which occurs sometimes, which is sometimes healthy but is not to the degree that it occurs in question time.

In other circles question time has often be described as the ‘valve’ of the parliament where we can let off steam. That might be good for us within the chamber, but the presentation to the public at large is not a good one. Whilst we might take some enjoyment in question time and definitely some pain at times, depending on which side of the cham-

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THURSDAY, 18 SEPTEMBER 2008

SENATE CHAMBER
ber we are on, that is not the true picture that the public see. I would really like to see a reform of question time. I think Senator Ferguson has raised this at a good time in our political history. I think we need to review how we manage question time.

Senator Ferguson raised the issue of a stricter requirement for relevance. There is absolutely a need for a stricter requirement for relevance. The issue I have with the relevance matter is that whoever is seated in the chair that you are seated in at the moment, Mr Acting Deputy President Humphries, would have to be the sole arbiter as to relevance. The standing orders do not provide clear enough direction or assistance or guidance to the President at this point in time. Convention and Odgers give the President some direction, but the relevance matter is very difficult for the presiding officer to determine. Whilst the answers to questions must remain relevant, the President has often said that he cannot direct the minister to answer the question in a certain way.

We need to fix that; that is obvious. I do not have the answer but I think we need the debate and we need to fix that problem and at least have some form of accountability from the government of the day. I am not laying the blame on this particular government that is currently occupying the treasury bench; this has happened over decades. We need to make some greater degree of accountability in question time. I am sure that will also assist in the public relations battle in relation to the way parliamentarians are perceived, especially with televised question time. One could even argue with regard to televised question time that we should televising the entire parliamentary proceedings for the day so that people get a balance. All they get is that one hour of media sensation—

Senator Chris Evans—It would get a pretty low rating, I reckon.

Senator PARRY—I think that is a very good point that Senator Evans makes: it would get a very low rating. But at least those who did watch question time could possibly be enticed to watch for the remainder of the day. I am sure there is an age demographic of people who are at home at two in the afternoon who might continue to watch other proceedings of the parliament for the remainder of the day. I know that other countries have facilities for the live broadcasting of parliament over television—not through the internet; we have that facility here, of course. If it were available all day, that might ameliorate at least to some degree the concern that the public have about our question time antics or the theatre that question time has become.

But, in going to the crux of Senator Ferguson’s recommendations and report, I think it is time for this parliament to have a thorough discussion about question time. I think it is time for us to address it in a very serious way. Senator Ferguson’s report is a good starting point. He has really opened up our thought processes. If we can debate this and come up with a better process for question time, if we can establish the credibility of ministers answering questions with a relevant answer—and, as I have indicated, there are many examples on both sides of the chamber—if we could really enhance that process through reform of our standing orders as to how question time is governed and run, I am sure the beneficiaries will be not only this parliament but the country as a whole. The accountability question would then extend from estimates into the chamber as part of the question time process.

I really recommend the report to all senators, because I think every senator needs to read this report. Senator Ferguson has placed one idea clearly on the table, and I think that has some merit. But let us examine other ways, other models, and come up with a way
for question time to reflect the seriousness and the importance that this chamber should be portraying.

Senator ELLISON (Western Australia) (11.30 am)—I rise to speak to the motion moved by Senator Evans. I recommend the contents of the Procedure Committee’s report to senators. It covers a number of areas and, importantly, amendments to standing order 72 which caused some discussion in the Senate not long ago. I think it is important that we keep the drafting of the standing orders up to date. Many of them were drafted a long time ago, and overseeing various parts of the standing orders to ensure that drafting can be improved could be a job that the Procedure Committee could do on a more than regular basis. I sympathise with whoever is sitting in the chair in relation to the interpretation of some of the standing orders. I think that the suggestions to amend standing order 72 are very good.

I would like to touch on two other areas briefly. Firstly, in relation to the question of how we structure question time each day, I am a great fan of questions without notice. I am a veteran of some 600 or so question times and, as a former minister, I can say that questions without notice keep the government to account and force ministers to concentrate on the portfolio and other related issues for which they have responsibility in the Senate. To take away the element of surprise takes away the sharpness of question time. There is the question of relevance. I think Senator Ferguson has done an admirable job in the paper he has included in the report. I agree with Senator Parry that we could certainly look at question time. But the one thing I would like to remain is that they be questions without notice.

There are very few jurisdictions in the world where you have questions without notice asked of the government. I know it side-tracks ministers in the course of the day. I think it was Senator Evans who caused them to have a look at the brief and I agreed with him at the time. I hope I have not misquoted him. Questions without notice keep the minister of the day on his or her toes—and quite rightly so. When I had all those question times, the fact that there were questions without notice galvanised the concentration demand somewhat, and I think it is important that we do that. This is a unique feature of the Australian parliament, so I would want that to stay.

The other question I would like to touch on is short statements, which have been somewhat the bete noire of the Senate. I have much experience in relation to this as a manager of government business and opposition business, and invariably it is a rule or a convention which is abused. You give leave for a short statement, and half the time they are long statements. We can put a time limit on it, and the practice now is that two minutes are given—and we will see how that goes. My preferred option is to put it into standing orders and say a short statement should be two minutes and just that, because to pick and choose whether you set a time limit or not can invite some controversy. I think you need a set rule as to what a short statement is. I think that that is something that should be looked at. Leave is invariably given for a short statement, and I am a firm believer that where leave is sought for a short statement it should be given, generally speaking. When leave is sought, a senator should be allowed to at least seek leave. That was another issue which was not necessarily canvassed in the report but which was put on the agenda.

I think seeking leave is one of the great safety mechanisms of the chamber—that is, no matter what the standing orders, a senator can seek leave to say or do something. The requirements of the day might necessitate that, and I think it should be there as a con-
vention that if leave is sought then the person should be allowed to seek it at least. Whether or not they get it granted is another story. That is a completely different question. Sometimes you get leave and sometimes you do not, but at least you should be given that assurance that you can seek it and ask for it. I think that is something we could clear up in the standing orders because the Senate, as a bastion of free speech and accountability, should have the ability to guarantee a senator that, if he or she wants to seek leave, at least they can seek it. Whether or not they get it is another matter. I think that is an important issue.

Finally, I leave the Senate to contemplate this: where we have sought to suspend standing orders—and there are a number of other mechanisms, like contingency motions and such—we have shortcut the mechanism by agreement. That has been done on occasions. I would like to see that streamlined a bit more so that we do not have what can be a convoluted process to arrive at that point. We generally know what the arguments are and we can generally express them in five or 10 minutes—no more. But sometimes, when we have had the whole issue of suspension of standing orders, it has taken more time than the issue at hand itself was going to take. I wonder if it is not worth looking at streamlining it so that we have a certain ability for everybody to speak on the important issues at hand but streamlining the whole suspension of standing orders so that the Senate can quickly resolve the question ‘Do we suspend or not?’ one way or another. At the moment you can take a rather circuitous route to arrive at that. I would invite the Procedure Committee to give that some thought in the future. This is a very good report. I think the Procedure Committee has done a really good job here, and I think a few more reports from it would be quite handy.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (11.37 am)—I too want to thank the Procedure Committee for presenting this report, in particular Senator Ferguson for his proposal that we look at the structure of question time. I think question time is always seen by the public as the most interesting time either to be present in the parliamentary chamber or to be at home to watch it on television. Yet it brings more infamy to politicians than perhaps it should, because it is not structured well enough or it does not achieve its aim, which is to get, from the executive in particular but from the government in general, information about the running of the country.

The suggestion is that there be a primary question with up to six supplementary questions, a process which, I am told, works well in the New Zealand parliament. The question would be brought forward by 11 o’clock in the morning so that ministers had notice some three hours before question time began at two o’clock and could be prepared on the matter. The supplementary questions would be allocated in the chamber in a formula not specified in this proposal but presumably would take the same form as in New Zealand, where there is some discussion between parties and party whips as to who will get the supplementary questions. I think it is a very good proposal and I think it would be well worth trialling. However, like Senator Ellisson, I am concerned that the ability to put questions directly without notice to the ministers on urgent matters of the day is not spelled out very clearly. That ought to remain so that, for example, if an urgent matter arises after 11 o’clock in the morning—if the country is under attack or some major event has occurred—it is quite clear that there is the ability for that question to be put to government across the floor of the chamber. So I would like to see that matter put very clearly into the mix and that the ability for urgent
questions even to take precedence be written into the mix; then the proposal ought to be trialled for six or 12 months, with the ability of the Senate to go back to the current question time arrangements if it so wished at that time.

I note from the material that Senator Ferguson and the committee have provided to the Senate that questions on notice in the Scottish parliament are replied to within 10 working days. We have a 30-day system here, and I think it is a bit of a horse and buggy system. I think that a 10-working-day time for ministers to answer questions on notice is much more appropriate to the faster society we live in in 2008 and that that proposal should be taken up.

There is a proposal here to end the option of asking questions of other senators or chairs of committees, and I do not agree with that. From time to time it is important to be able to ask members of parliament who bring in private members’ legislation—and it may be sitting on the Notice Paper for a long period of time—questions to do with that legislative innovation or proposal or other matters they have before the chamber. I presume that in this proposal the chair would still be open to questions, because it is an extremely important option that senators be able to ask questions about the running of parliament, the good order of the house and related things. So that option needs to not be foreclosed, and I have not really seen it spelt out here.

I think that Senator Parry’s suggestion that there be a two-minute limit on the seeking of leave to make a short statement is a good one. If there is to be a variation from that, then let the person giving leave or the person who wants to put a condition on it do so. It would be helpful to look back over maybe just the last few years to see how long, on average, people have taken in seeking leave to make a short statement. I would think that it is generally less than a minute. There have been occasions where very long speeches have been given, but the majority of those statements would be less than one minute. We could look at the option of seeking leave for a short statement to be limited to one minute on all occasions except where a variation was sought by the seeker of leave or a variation given by the granter of leave—a senator who says, ‘I give you conditional leave.’ I think it would be good if there were a one-minute limit on it, because then everybody would know that that was the limit and that they had to seek a variation if they wished to. Otherwise, on every occasion, a senator giving leave would be likely to put a time limit on it. Let us know what the time limit is and let the seeking of leave allow that time limit to apply unless there is a variation, with good reason, sought by either the seeker or the giver of leave. So I think this is a very good process.

I might add that the Greens are very keen to see private members’ time given better utility by the Senate. For example, it is an opportunity for legislation that originates in the Senate, outside the government—private members’ legislation, obviously—and motions to be dealt with. In my experience the presentation of private members’ bills to this place is fraught with difficulty. If the government of the day does not like the bill—and Thursday afternoon private members’ time is about the only time available—all it has to do is to bring on five or six speakers and the debate on the bill is never concluded. The private member who may get one or two sessions in a year has to see the object of any piece of legislation brought in here, which is to have it debated and a decision made, frustrated by filibustering, from the government, of all things. We saw that frequently during the Howard government years. I can remem-
ber only one or two private members’ bills in that time that went through to a vote.

I think we need to have an arrangement whereby there is a genuine intent in the Senate that private members’ legislation, provided it is not frivolous and people are serious about it, is brought on for debate and for completion. If we are going to do that there may need to be new rules set for private members’ time—such as shorter debating periods, the allocation of a time limit to the various components of the Senate process, a second reading decision to be made, or a restricted committee time and a third reading debate and vote to be taken so that the matter can be dealt with.

Otherwise, it becomes a sheer farce and an object of frustration for members who put a lot of time into presenting private members’ legislation to the Senate, only to see it thwarted because there is not enough time and the limited time available is used by an opposition, which can be the government of the day, to filibuster, and therefore there is no conclusion. We will be bringing forward proposals for the better use of private members’ time and that will mean the Senate gains more relevance for the Australian public in this new century.

Senator PAYNE (New South Wales) (11.47 am)—I rise also to speak to the motion moved by Senator Evans on the first report of the Procedure Committee for 2008 relating to standing order 72. I note, as other speakers have, that this is a very welcome report by the Procedure Committee of the Senate. It addresses a number of very important issues including that of the amendment to standing order 72 relating to the direction of questions to ministers at question time and suggests that perhaps greater precision or clarity could be achieved by an amendment to that standing order being passed by the Senate and being adopted as a temporary order until the end of this year. I am sure that will come under further discussion in this chamber as the debate proceeds.

I also wanted to refer to some other provisions of the report. The Procedure Committee, as other senators have commented, often works under the radar as it were. It is not necessarily one of the high-flyers of the Senate committee system in terms of the glare of publicity and the tumult of debate, but on this occasion it does put forward some very interesting suggestions for the consideration of senators and I think this is a very valuable report.

I am firmly of the view that procedures in this place should be considered in a dynamic and active manner and from a dynamic and active perspective. I think the Senate should be able to consider its arrangements regularly and, in presenting this report on four or five very specific areas, the Procedure Committee has provided some important material for our consideration.

I know there was some publicity attracted by the proposals for the restructuring of question time particularly those contained in the attachment of the report—the discussion paper presented by the then President of the Senate, my colleague Senator Alan Ferguson—and those proposals did attract some media attention. I think that it is important for us to consider the possibilities of change. I note in Senator Brown’s remarks, as well as referring to the specific recommendations in this report, he made some reference to the need to have a little more flexibility in the process in relation to questions without notice specifically continuing and I think that is very worthy of consideration.

I have not had the opportunity, given the tabling of the report only yesterday, to examine in great detail the four specific proposals that the report outlines, but I do want to congratulate those members of the Procedure
Committee who were prepared to bring this forward. It does answer those challenges, if you like, of dynamism that I put forward in my remarks just a moment or two ago.

I have also had the opportunity, as Senator Ferguson noted in his remarks, to view question time in a number of other parliaments which adopt the Westminster system, most particularly that of New Zealand, which I have had the opportunity to see on several occasions. It is a very different process from the one in which we engage here—I was going to say the one which we enjoy, but I am not sure it is always an enjoyable experience. It is a very different process and in a multi-party chamber such as New Zealand’s now is that obviously has an influence on the way in which their question time plays out. I think some aspects of New Zealand’s parliamentary procedure are worthy of our consideration and I hope that the chamber is able to do that.

I note also the other aspects of the report in relation to the reference of bills to committees and I note that the concerns, which were raised previously, can be addressed under existing procedures. I think that the comment that the Procedure Committee makes about maintaining the principle that only the Senate may decide whether bills should be referred to committees is an important one and one which we should continue to observe.

The clarification suggested in the report relating to the deputy chairs of committees and the specificity needed in that proposed amendment is obviously also very useful to ensuring that the processes of the committees of the Senate are able to be carried out with confidence and with no doubt attached to the role of deputy chairs in the absence of the chair.

The final aspect of the report relates to the issue of leave to make statements. Of course, this arose out of recent events in the chamber, where statements extended over a longer period of time than senators who were in a position to grant leave expected at the time. I think putting some clarity around that, an agreed position on time, will lead to better and more efficient running of the chamber, and a better procedural approach to that particularly dynamic—again I use the word ‘dynamic’—aspect of what we do. The capacity to grant leave to make brief statements is, as other senators have said, an important part of our work. To have some clarity and certainty around that process is, I think, useful for senators and useful for the operation of the chamber. I am pleased to have been able to make a contribution to this debate.

Senator XENOPHON (South Australia) (11.53 am)—I too note this report of the Procedure Committee relating to standing order 72 and the motion moved by Senator Evans, and I agree with the comments of previous speakers that if we want the Senate to be a dynamic institution, to be relevant, then having a regular review of our procedures is more than appropriate.

If I could focus on the issue of question time—and I note the comments of Senator Ferguson yesterday and the reference to reforming or restructuring question time in the report—I believe that is something that ought to be explored. I believe that it does have a lot of merit. It is my general practice to let the relevant government minister’s office know the nature of a question I will be asking—in fact, just a few moments ago I contacted Senator Faulkner’s office to advise that I am hoping to ask a question this afternoon on water recycling and stormwater harvesting in Adelaide—because it is not about mounting an ambush; it is about getting a decent answer. That is the way I like to conduct myself in this place, to allow question time to also be an effective answer time.
I do note the comments of Senator Bob Brown that there may be circumstances when there is a need for an urgent question, if something has occurred, or there may be exceptional circumstances where you do allow for an urgent question to be asked. I think that there ought to be flexibility in any proposed restructuring of question time to allow for that. I do think that we would get much more value from our question time, as would our constituents, if there were a reform of the current structure of question time.

I also want to reflect on the issue of questions on notice—that there be, as Senator Bob Brown referred to, a specified time period for a response, similar to the Scottish parliament. I think that is the sort of thing that would be a very useful reform.

In relation to private senator’s bills, while they are not directly referred to in this particular report, I want to note that in my time as a member of the South Australian parliament’s upper house, if many private members bills were introduced—and I was responsible for many of those—there was always a provision to allow for a vote on those bills at the behest of the member introducing the bill. That gave members, particularly crossbenchers, an opportunity to find out where the government or indeed the opposition were on a particular issue, and that is a very useful exercise. I think it would be good for democracy to have in place a system that would allow for votes to be put as a matter of course. Maybe, given the time constraints in this place, it would be a truncated debating period where people could state their positions. But, in terms of a bill at the second reading stage, I would have thought that was something that ought to be allowed for private senator’s bills as a matter of course.

Having said that, I look forward to ongoing discussion about this. I think that, if we improve the structure of question time in particular, the Senate will be a better place for it and I think that our constituents will thank us for it as well.

Senator EGGLESTON (Western Australia) (11.56 am)—This report of the Procedure Committee relating to standing order 72 is very timely. I was on the Procedure Committee for some time, but I am not anymore; however, I do think it is very important that the way matters are conducted in this chamber is reviewed regularly by the Procedure Committee. Question time in particular has become very staid and is in need of a slightly different approach.

As Senator Ferguson outlined in his paper, there are certainly different systems applied around the world. Senator Ferguson refers to the New Zealand system in particular, which I might come back to. He also refers to the British system, which I have seen and which I think is really an interestingly different way of conducting affairs: themes are set for each day of the month so that all questions on a day are directed to a particular minister and department, and that occurs on a monthly rotation; and the Prime Minister, in the House of Commons, only answers questions for an hour once a week. In this chamber, of course, we do not have the Prime Minister but we do have an important minister in the Leader of the Government in the Senate. I think the British system does not allow enough flexibility to deal with important issues which come up day by day. I certainly would not support going to that kind of system in the Australian parliament.

But the New Zealand system, which I have observed, is one that does have a lot more flexibility than our system. In question time, there is a lead question and then several supplementary questions on a particular issue. Were that adopted in this chamber, it would mean that individual senators would
have the opportunity to ask spontaneous follow-up questions on particular issues. If that procedure were adopted in this chamber, it would make question time in the Senate much more useful in terms of providing information to senators and the public. The way question time is conducted in New Zealand, the subject questions have to be submitted in writing some time before, so people know the particular subjects that will be covered in a question time. But I think there is also a need for a little bit of flexibility so that spontaneous questions on important issues can be asked.

In general terms, I very much support the thrust of this Procedure Committee report as it refers to question time, but I suggest that one thing that could be copied from the House of Commons is the written questions. These have to be answered on paper and the response is included in the Hansard. As the Procedure Committee report notes, in 2004-05 there were 23,552 answers printed in the Hansard, of which 21,176 were responses to written questions. That means that in the House of Commons a huge volume of issues can be covered through the parliamentary questions mechanism. It might be claimed that our estimates system obviates the need for that, but the British parliament also has an estimates system and a committee system. The possibility of written questions on notice provided to ministers should be considered in addition to adopting a similar system to the New Zealand one. I do agree that the time limit required for the answering of questions should be fairly short—perhaps no more than 10 days.

I want to deal with a couple of the other points raised in this report. The clarification of the role of a deputy chair is important. It is often unclear when the chair leaves a committee meeting whether the deputy chair should take over or another person who the chair or the majority of members present decide to elect as an acting chair should take over. It is very important that there be crystal clarity about the role of the deputy chair.

The other point relates to seeking leave to make statements. Seeking leave is a very important procedure in this chamber because many things can be done by seeking leave. This procedure is abused sometimes and people do speak for an inordinate amount of time once they have been granted leave to make some comments. I do support the concept of having a time limit on it. I would support a time limit of up to five minutes and that might be allocated on the basis of three minutes initially with an additional two minutes being provided if necessary.

In general terms, I think the Procedure Committee has written a very interesting report, as it always does. The specific suggestions in relation to reforming question time in this chamber should be given very serious consideration.

Senator FIELDING (Victoria—Leader of the Family First Party) (12.03 pm)—This is the first report of 2008 for the Procedure Committee. It touches on restructuring question time, referring bills to committees, questions to chairs of committees, how deputy chairs of committees are appointed, and leave to make statements. I understand the motion moved by Senator Chris Evans relates to adopting the clarification of the appointment of deputy chairs and to questions to chairs of committees. We had some confusion just recently on that issue, and it was referred. I have some concerns about that change, but on the whole it may have merit.

The area in this report I want to focus on today is the restructuring of question time. This matter has to be taken with a lot of seriousness. There needs to be a depth of understanding of what question time is all about—scrutinising the government of the day. I get a little concerned when I hear that we will
give notice of the questions to the government of the day. Giving notice of what they are going to be asked sounds to me like the Dorothy Dixers that come from the backbenchers to the government of the day. Yes, the supplementary questions will be blind but, frankly, they are all hunting in the same area. I get really concerned about reducing the accountability of ministers to the Senate.

We should be looking at the way question time currently operates and focusing more on making sure that the questions are relevant to the ministers—and I am not saying that they are not—and that the answers are also relevant to the questions. I think more accountability in that area would go a lot further than actually giving a heads-up to the ministers of the questions. Having ministers of the day knowing in advance which ministers are not going to get questions will mean that they will get a holiday. I think it is good that ministers are kept on their toes a bit, wondering what questions might come their way. This means that the public can be assured that they are really focusing on the issues of the day, issues from some time ago or issues for the future. Not knowing the questions will keep them on their toes. I do not see the sense of weakening question time by giving more Dorothy Dixers. It seems a farce to me.

Family First is very concerned about the directions that the Procedure Committee has intimated in its tabled report. The argument is put that every other place has gone this way—frankly, Australia should lead the way, not follow others down the wrong path. We should lead the way and fix up question time. We should bring ministers back to relevantly answering questions rather than just following someone else’s way of doing it and giving ministers a heads-up of the questions so they can work out their answers in many different ways. I think we need to strengthen that rather than divert the issue and say, ‘Let’s throw the whole thing out and start again.’ No, that is not the answer. Not at all.

Senator MASON (Queensland) (12.07 pm)—I rise to speak about the Procedure Committee’s first report of 2008, in particular the restructuring of question time. I have never spoken about a Procedure Committee report before, but this particular report raises some really interesting questions of principle. It is fair to say that the Senate was founded in 1901 certainly as a house of review but, far more importantly, as a control on executive power. That, of course, received a great fillip in the 1970s, when Senator Murphy developed the committee system.

Senator Faulkner—So you don’t think the concept of the founding fathers of the Senate as the states house had something to do with it?

Senator MASON—I take Senator Faulkner’s interjection about a states house. It may have been founded as that, but it was never quite that simple.

The Acting Deputy President (Senator Forshaw)—Senator Mason, you can take the interjection, but I would ask senators to direct their remarks through the chair.

Senator Faulkner interjecting—

The Acting Deputy President—Senator Faulkner, Senator Mason has the floor.

Senator MASON—If Senator Faulkner actually read the interesting biographical work that has been produced about the senators, particularly chapter 1—

Senator Faulkner interjecting—

The Acting Deputy President—Order! This debate has been conducted without interjections, which probably reflects the nature of the discussion, but I ask that Senator Mason be allowed to proceed with his remarks without interruption.
Senator MASON—Mr Acting Deputy President, thank you for your protection.

Senator Faulkner—I don’t know whether you’ve read them both. I launched the second one.

The ACTING DEPUTY PRESIDENT—I would ask you to respect my ruling, Senator Faulkner.

Senator MASON—Chapter 1 of the first volume talks about the states house and says in fact it was not that simple. It was about a house of review that was elected upon different lines than the House of Representatives, which gave a different flavour to the democratic representation of this country—not strictly a states house; not at all. It is rather more complicated than Senator Faulkner is making out.

Senator Faulkner—No, I just know that you ignore the view of the founding fathers.

Senator MASON—No, I do not ignore it, Senator Faulkner. A house of review is the principal requirement. Then, of course, in the 1970s Senator Murphy led the charge to a committee system, which has been developed in the Senate, as you know. Without doubt that gave the Australian Senate far more constitutional relevance and far more policy relevance, and it has changed the nature of this great institution—for the better, I might add. For example, I think of how Senator Payne’s committee, the Standing Committee on Legal and Constitutional Affairs, did some terrific things. For example, the terrorism laws—

Senator Faulkner—I know he likes to be erudite.

The ACTING DEPUTY PRESIDENT—Order! I would ask Senator Faulkner to cease interjecting. Whilst I appreciate that you are speaking to the report of the Procedure Committee, Senator Mason, I think you are starting to stray a little bit beyond the content. I think I understand where you are heading, but I would like to draw you back to the report of the Procedure Committee and the amendment moved by Senator Evans.

Senator Faulkner—I was only trying to help him with his filibuster.

The ACTING DEPUTY PRESIDENT—Senator Faulkner, would you please cease interjecting! I do not get the opportunity to say that often, so I am asking you to cease interjecting.

Senator Faulkner—I’d love to.

Senator MASON—I am really speaking about accountability and how, in a sense, this great chamber is the principal force for accountability in the Commonwealth parliament and, indeed, probably in all houses of parliament in this nation. Senator Payne’s contribution as chair of that committee showed in effect, with respect to the terrorism laws, that the House of Representatives will pass laws as demanded by the executive, those laws will hit the Senate and the Senate, through its committee system, will reform laws, put forward amendments and, let’s face it, make those laws better. That is what this chamber does and it does it very well.

The third, and perhaps the most important, accountability mechanism is the estimates process. It is not that I was a member of the executive for very long—it was a very short period. However, members of the executive frequently forget that, in fact, constitutionally they are accountable to the parliament. It is the parliament that votes money to the executive and the executive is accountable to the parliament, not the other way around. Sometimes—and this is not intended to be partisan at all—ministers of all colours forget that and refuse to answer questions, yet it is the parliament that votes money, the people’s money, to the executive; it is not the executive. These are all accountability mechanisms. Finally, I come to question time. I
know you are excited by that, Mr Acting Deputy President.

The ACTING DEPUTY PRESIDENT—You are being relevant now, Senator Mason!

Senator MASON—This is another avenue of accountability—it is the fourth avenue of accountability. Question time is ostensibly a matter of accountability, but, let’s face it, today it is more a matter of political theatre. I say that again, and not in a partisan sense: it is far more a matter of political theatre. Yes, in a sense, you may be holding ministers to account, but the aim is not really to secure information; the aim is to secure a political point—and that is the difference. It is quite different from the committee system and quite different from estimates. Question time is, in a sense, a quick jab and the hope of a knockout. That is what it is about.

Having had a good look at Senator Ferguson’s contribution, I must say the work he has done is commendable. He talks about relevance. How do you define relevance? That is what worries me. On page 6 of the report, under the heading of ‘Issues’, Senator Ferguson says:

This means that ministers, as long as they remain broadly relevant to the question, are free to answer as they see fit. This may take the form of simply reciting a pre-prepared brief on the matter providing only the key points they wish to emphasise and/or using the opportunity to comment on the policy positions of other parties.

In other words, the recitation of departmental briefs—and, let’s adopt some candour here; we have seen this from both sides—is used to cover a broad plethora of questions. So, in fact the Senate and the people of Australia are no better informed. This is not a matter of procuring information; it is a matter of the opposition securing a scalp, and of the government stonewalling or, sometimes, going into attack mode. That is a fact. I say that without any partisan rancour.

Perhaps it is time that we changed question time. If we really want it to be a time when we secure answers—when information is secured—then clearly ministers would have to be given notice, but then the follow-up questions would become all-important. As I said, the real issue is: how will you define relevance? Senator Ferguson’s proposal pivots on the notion of relevance. Again I ask: how do you define relevance? Often context is important. As you know, I love to speak contextually and historically. You know that, Mr Acting Deputy President. Senator Faulkner knows that. You might say, ‘Gee, that doesn’t sound very relevant,’ but of course it always is, as you know Mr Acting Deputy President.

With those reflections I want to congratulate Senator Ferguson for a marvellous effort in the Procedure Committee. I have never spoken on a Procedure Committee report before but it is certainly something that the Senate should consider forthwith.

Senator IAN MACDONALD (Queensland) (12.16 pm)—I also want to add my support to the proposal suggested by Senator Ferguson for a change in the way we operate at question time. I do not want to be partisan in saying this, but I think any fair minded observer of question time in this Senate during 2008 would accept that rarely have any of the ministers to whom questions were asked actually answered the questions. The number of points of order being taken—not only by the Liberal and National parties but by the Greens and the minor parties as well—is, I think, proof that senators simply do not believe that the questions they have seriously asked are being addressed by the ministers.

I have tried to encourage the former President and the current President to rule on relevance. I know that they say that they are not able to direct ministers how to answer
questions—and I am not suggesting that they should—but they should require them to address the question that is asked, to give an answer and, if the minister is not capable of giving an answer, to say so and to sit down. The whole purpose of question time is to provide an opportunity for non-government senators to find out what is happening, to understand what the government is doing, to keep the government accountable and to get information which is very often relevant to our constituents. People want to know things. They want to understand why governments are doing things. They want to know when things are happening.

I would desperately like to know what the Labor government is doing to prosecute the Queensland government for its breach of EPBC conditions on the Paradise Dam up near Bundaberg. The Queensland government built that dam. It was approved by the then environment minister under the EPBC Act, subject to certain conditions. Those conditions were not met by the Queensland government. I asked Senator Carr about it. You should not do this—and this is germane to Senator Ferguson’s suggestion in the report—but I tipped Senator Carr off that I was going to be asking about this. I then asked him what they were doing and he started talking about the Traveston Crossing Dam, not about the Paradise Dam, which I had actually asked him about. Of course, I got no answer. I still cannot get an answer on what is happening.

Similarly, a lot of my constituents are desperate to know what Mr Garrett’s timetable is for his EPBC consideration of the Traveston Crossing Dam on the Mary River. My constituents are very concerned about that dam. They are hoping that Mr Garrett will go back to his rock band days and the principles he held dear in those days, and save the lungfish, the Mary River cod and the other species that are endangered now, because they could disappear if the Traveston Crossing Dam goes ahead. I have asked about that at question time but I am still none the wiser about when Mr Garrett might get around to making a decision. I suspect the delay is because he does not want to offend his mates in the Queensland Labor government, who are the proponents of this awful dam, but at least I would like to know when he might be going to make a decision, what his process is and where he is at. Perhaps he could even let me know if there is some way I could help him make the decision! But if you ask these questions they are just ignored.

That brings into question the whole purpose of question time. As Senator Mason rightly said, it now seems to be an opportunity for government ministers, on TV every now and again, to get up and give a four-minute policy speech on all the great work that they have done. They are not answering our questions. They are just getting up, picking a word out of the question and then talking to the television cameras for four minutes and telling everyone what a great job they have done. That is not what question time is about.

I have seen a number of question times in parliaments around the world—such as the British question time process, which I quite enjoyed. I saw it when that great liberal, Mr Tony Blair, was the Prime Minister—

Senator Faulkner interjecting—

Senator IAN MACDONALD—Both almost, Senator Faulkner. He is a great man. I have a lot of admiration for him.

Senator Faulkner—He’s actually Labour.

Senator IAN MACDONALD—Yes, he is a member of the Labour Party in Britain. I thank you for your assistance, but I know that. I have seen him answer questions. He does address the question. He does answer the question. He gives information. It is not
always an answer that he would want to give, but he does give it.

I remember I often used to say to former Senator Hill when he was Leader of the Government in the Senate, ‘That was a great question; you could have really given the questioner an uppercut on that one.’ But, no, Senator Hill never played politics with his answers to questions in question time. He gave information; he actually addressed the questions. Most government ministers used to. When I was a minister, I always attempted to address the question. My good friend former Senator Kemp was also one who very often answered the question and gave information. But we are not seeing that now and that is why I do think we need a change.

I will concede, seeing he is in the chamber, that Senator Faulkner does try to answer questions. Senator Evans, much as I hate to say this, on occasion does attempt to give an answer. But the rest them who currently sit opposite seem quite incapable of giving information.

Senator Faulkner—Would you consider withdrawing the word ‘try’?

Senator IAN MACDONALD—Pardon?

Senator Faulkner—Would you consider withdrawing the word ‘try’?

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order! Senator Macdonald, refrain from responding to the interjections and return to your speech.

Senator IAN MACDONALD—I will give the other ministers the benefit of the doubt and say that they do at least try to answer the questions, but I gather from Senator Faulkner’s interjection that he thinks that they are not even trying to answer them!

Senator Faulkner—You misunderstood me.

Senator IAN MACDONALD—Oh, well, perhaps you could elaborate on that in the—

Senator Faulkner—I was referring to myself when I said, ‘Would you consider withdrawing the word “try”?’

The ACTING DEPUTY PRESIDENT—Order, Senator Faulkner! If you would like the call—

Senator Faulkner interjecting—

The ACTING DEPUTY PRESIDENT—Senator Faulkner! You have an opportunity, if you wish, to speak later, but let us at least allow Senator Macdonald to finish his speech.

Senator IAN MACDONALD—Thank you for your protection, Mr President! You will note, Mr Acting Deputy President Forshaw, that I have elevated you because of the way you are looking after me! It really does bring into question the whole purpose of question time. Why should we bother to turn up every day at two o’clock to ask questions if we know before we get here that, except from Senator Faulkner, we are just not going to get any answers but rather a four-minute TV presentation by whichever minister is here on whatever he or she thinks they have done that is good on which they may be able to get some publicity?

If, as in the British system, you tell ministers what your first question is going to be then you cannot have ministers coming along saying, ‘I’m only the representative minister here, so you can’t expect me to know the answer to that, so here’s my four minutes of telling you all how great I am,’ rather than them answering the question. If you give them notice, there can be no excuse for a minister coming in and not being fully briefed on the subject, whether it is in his or her own portfolio or whether it is in a portfolio for which they might represent a minister in the other place. For a start, the minister
would have the opportunity of being fully briefed and would be able to give an answer.

The supplementary question, as I understand Senator Ferguson’s proposal, would then be on the same question. If there were a bit of blood sport in question time—and I am not suggesting that there would be—you could have some penetrating questioning in the supplementary questions. The minister would be required to give an answer, because he would have studied the brief and understood all aspects, and we might get some revealing answers, which is what question time is all about and, from my limited experience, that was how question time operated in the mother of all parliaments in London. You would actually have a good process coming through.

I am not sure how the Senate, if we did adopt this, would deal with it. Would the questioner be allowed one supplementary question and then would other people from his own party follow on with supplementary or would it go to the crossbench or perhaps even to the government, who might like to be part of the process? These are the sorts of things that need to be worked through.

I am also indebted to Senator Mason for raising in his speech the issue of what is relevant. Again, Senator Ferguson’s proposal seems to require that answers be directly relevant to each question. I suppose that you could get a room full of lawyers arguing what is relevant, but it is possible to determine what is relevant in the normal understanding of the English language. In fact, judges do that all the time in trials where witnesses are being questioned. The questions in a court have to be relevant. Judges make sure that happens. I think the Presidents we have had over the years were capable of understanding just what is relevant and germane to the issue before the chamber.

So I look forward to further investigation, discussion and consultation in relation to this matter. It would be very useful, I think, in question time to be able to hold the government to account and to get reasonable answers. I would like to know why Mr Swan spent the first three or four months of his career as the federal Treasurer talking the economy down, talking about inflation exploding, when clearly it is not. I thought the Labor Party were going to get rid of the blame game, but Mr Swan and Mr Rudd both spent the first three or four months of their term in charge of this country talking our economy down.

We continued to ask questions about why they were doing it—putting it another way: why do you hate Australia so much that you are trying to destroy the economy? That seemed to be their approach. We have also asked a lot of questions about their past performance in government. For financial conservatives, the last time they were in power they left Australia with a $96 billion debt. We have asked questions that sought to distinguish between their claim to financial conservatism and the fact that they left a debt of $96 billion. We are curious to know how they can say that inflation is a problem—I do not necessarily agree with that; that is a debate for another issue—and that it is all Peter Costello’s fault if the inflation genie is out of the bottle. They are quick to blame Peter Costello about that. But then they trumpet that they have a $22 billion surplus. They do not seem to have the same consistency there to concede that the surplus was really Peter Costello’s—and congratulations to Peter Costello on leaving this government with a $22 billion annual surplus.

Remember that when we took office in 1996 the annual deficit in that year was some $10 billion just for the year, adding onto the $86 billion debt that was already there. We have handed over to the Labor Party a sur-
plus that over the next five years is estimated to be, curiously, $96 billion in the plus. So from Labor’s $96 billion in the red we have given $96 billion in the plus, which is a huge turnaround by the Liberal government.

These are the sorts of questions that we have continued to ask the current ministers about and, quite frankly, asking Senator Conroy questions about the economy and about Treasury—lovely fellow that he is—is just a futile exercise. Clearly, he has no idea. But if this proposal were put into effect, then even Senator Conroy would have to come briefed with answers on the economy that were relevant and he would then be subjected to supplementary questions which would enable the senators to get a better understanding of what was happening and to hold the government accountable for what is clearly moving to be their mismanagement of Australia’s economy. We hope that if we can ask the questions, perhaps from opposition we can try to keep the government accountable, highlight their mismanagements so that, hopefully, they will do better and will not sell Australia down the gurgler. We know that Labor are a high-taxing government but perhaps by exposing their high taxes at question time we can impose upon the government to address their high-taxing propensities. That way we can perhaps play a role. So this whole new system, I think, is important.

I have just about finished what I wanted to say but if nobody else wants to speak on it I will seek leave to continue my remarks later.

Leave granted.

Senator BOB BROWN (Tasmania—Leader of the Australian Greens) (12.34 pm)—I seek leave to move an amendment to the motion moved by Senator Evans:

Omit paragraph (a), substitute:

(a) standing order 72 be amended by omitting paragraph (2) and that this amendment operate as a temporary order with effect to the end of 2008.

The ACTING DEPUTY PRESIDENT (Senator Barnett)—Senator Brown, do you have that in writing?

Senator BOB BROWN—Yes, I do, and if I may have leave for 30 seconds to reiterate the argument, that may help the chamber.

Leave granted.

Senator BOB BROWN—This amendment would mean that senators in the chamber would still be able to ask senators other than ministers about matters relating to bills or other motions that they are bringing before the parliament. For example, I could be asked: when do you intend to bring on your legislation restoring rights to the Territory and the ACT? I think that it is fundamental that we be able to leave that option on the Notice Paper.

Senator PARRY (Tasmania) (12.35 pm)—We have not had a chance to consider Senator Brown’s amendment. I have just learned of the amendment and I discussed it with Senator Brown a moment ago. I would like further time to consider the implications of that amendment and bring this matter on again later in the day if we possibly could.

Debate (on motion by Senator Parry) adjourned.
BUSINESS

Rearrangement

Senator STEPHENS (New South Wales—Parliamentary Secretary for Social Inclusion and the Voluntary Sector and Parliamentary Secretary Assisting the Prime Minister for Social Inclusion) (12.36 pm)—I move:

That the government business order of the day relating to the International Tax Agreements Amendment Bill (No. 1) 2008 be considered from 1.30 pm till not later than 2 pm today.

Question agreed to.

TAX LAWS AMENDMENT (LUXURY CAR TAX) BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—GENERAL) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—CUSTOMS) AMENDMENT BILL 2008

A NEW TAX SYSTEM (LUXURY CAR TAX IMPOSITION—EXCISE) AMENDMENT BILL 2008

Second Reading

Recommital

Debate resumed from 17 September, on motion by Senator Sherry:


Senator JOYCE (Queensland—Leader of the Nationals in the Senate) (12.37 pm)—In continuation of my remarks from the other day on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related legislation, it is interesting to note that we used to have a senator here, who was well known to all of us and a hard player—a gentleman known by the name of George Campbell. He was one of the great protectors of the Australian manufacturing workers and the Australian manufacturing industry. He was a hard player and was well respected. He was also a very affable person and would come around and have a drink with you at night. But apparently he was not hard or tough enough around this show. He had to be replaced and the Labor Party replaced him with someone who said that he was really going to take a strong line on the protection of manufacturing workers’ jobs.

The person who took his position was, of course, Senator Doug Cameron, who is a lovely bloke. I remember the sort of curry the Labor Party used to give me on issues last year and how they would put the torch on me. One of the first things that Doug did when he arrived here was to roll over on a tax that is going to put manufacturing workers out of a job—the luxury car tax. It is a tax that is going to affect the car industry in South Australia and Victoria. I know that Senator Cameron is a decent bloke. I know he knows that this is going to affect his workers and his union. But he has rolled over for them. He has rolled over and has basically become a doormat. Once more the Labor Left has become a doormat to the Right. They have been walked all over, trodden on and kicked around the room because the Right run the show. And the Right do not care about manufacturing workers’ jobs and they are intent on putting a blowtorch to the Australian car industry. And the tax will cost Australian working families their jobs in the most direct form.

The Labor Party are trying to glam this over and cover this up by saying, ‘You are out there protecting people who drive Porches, Maseratis, Jaguars and Ferraris.’ I was interested because I thought that I must be able to pick up one of these cars for $57,180.
So I went shopping. I had a bit of a wander around to see if I could get myself a Porsche 911 for $57,180. You could have knocked me down with a feather. Do you know how much those things cost? They cost $425,000. I said to them, ‘Senator Cameron reckons I can get one of these for $57,180. He reckons there must be one out the back. Have you got a cheaper version of the Porsche 911?’ But I cannot find one. I thought: ‘Not a problem. I will try a Jaguar XK Coupe. I should be able to get hold of one of them because the Labor Party keep telling me that this is the tax that is protecting these cars.’ I said, ‘Have you got a Jaguar XK Coupe for $57,180?’ And they said, ‘Don’t be crazy. That car is a quarter of a million dollars.’ So I had a look at a Ferrari because we are protecting people who drive Ferraris. The Labor Party, including Senator Carr, put an inflection in their voices when they say, ‘You are protecting Ferrari drivers.’ You would be surprised to find out that the Ferrari 599 is $574,000. They had none for $57,180. I looked everywhere. I looked up and down the car lots saying that there must be one of these Ferraris around here for $57,180. Not a chance. They are $574,000. What is that? It is 574 gorillas. That is a big hit. You just do not seem to be able to get any BMWs under that price either. They are not around. A Maserati Quattroporte was $281,000. But apparently the Labor Party know where you can find them for $57,180.

As we have said before, if someone is down the pub trying to sell you a Ferrari 599 for $57,180, it is hot. It is red hot and dodgy. That is like this policy that the Labor Party has brought out: it is red hot and dodgy. Not only are they putting their own manufacturing workers union members out of a job and not only are they putting excessive pressure on the working families of Victoria and South Australia, but they are apparently in the business of finding dodgy cars. I walked around the lot and asked: ‘What cars can I get for $57,180? I want something that is comfortable.’ They said, ‘If you want to pay a little bit more money, we can get you a Ford.’ I asked: ‘Who makes them?’ And they said, ‘Australia.’ I asked: ‘What about Holdens?’ They said, ‘Yep, we can get you one of those.’ I asked: ‘Where are they made?’ They said, ‘Australia.’ I asked: ‘What about Toyota?’ They said, ‘Yep, Australia.’ In fact every car manufacturing plant in Australia produces numbers of cars that are in this group.

It stands to reason that if you send a price mechanism signal to the consumer not to buy the product, they will not buy an Australian product. What we are exporting—to my good colleagues on the other side—are Australian jobs. That is what we are exporting. We should be exporting cars but instead you are going to export the jobs—just like you will later on with the emissions trading scheme. I wonder how George Campbell is feeling today. I wonder how he is going, sitting back, thinking: ‘Gee, haven’t things changed. Haven’t things got tougher since I left. Haven’t they done a great job looking after the Australian workers since I left there.’ Since George Campbell has left here, we have had the Right of the Labor Party overtaking and walking all over the Left. The Left do not exist; they just turn up to make up the numbers. They do not even have the courage or conviction to stand up and go in to bat for their people, it is their people—the working families of both Victoria and South Australia who work in the manufacturing plants—whose jobs are definitely under threat by this.
A clear example of that is the stresses that are on the manufacturing industry at the moment. They are just holding on by their nails to keep this industry in Australia. And the government talk in pipe dreams of things that might happen in the future. They say, ‘We will produce a hybrid car and we will do this and we will do that and the world will be rosy.’ But, right now, they are putting this tax on them—right now! This is the peculiarity that we have.

In this policy, which now looks like a shambles, we in the National Party will be party to an amendment, even though we completely disagree with the whole concept. If the Labor Party has a policy to push you out of a completely reasonable plane, we will then have to move an amendment to wear a parachute. Moving an amendment to wear a parachute does not mean that we agree with the concept of going out of a perfectly decent plane. Our amendment will be nice and simple. All these other amendments are more complex than Kafka’s palace. They are incredible—something to behold. Our amendment will be moved by Senator Williams and Senator Abetz. It will basically say that if a car is $90,000 or less it is exempt from the increase in the tax.

It will mean something to the people who live in towns like Tamworth, Inverell and Roma—irregardless of whether or not they own rural land, irregardless of whether they are a contractor on a farm or the owner of a farm, irregardless of whether they are making the fences on the farm or they own the farm, irregardless of whether they are mustering cattle on the farm or whether they own the place—because we do not want to divide communities down the middle. We want to try to keep them together. (Time expired)

**Senator XENOPHON** (South Australia) (12.46 pm)—The debate on the Tax Laws Amendment (Luxury Car Tax) Bill 2008 and related bills reminds me just a little of the movie *Groundhog Day*. We did the same thing a couple of weeks ago and we are doing it all over again. It remains to be seen whether there will be a different result at the end of the day. But, I do respect the right of the opposition to speak to this in the second reading stage. I think it would have been fundamentally wrong for that not to occur, given that that was the wish of the opposition.

I want to make some brief remarks given the developments that have occurred since we last debated this. My position in the debate on the second reading is that I will support this bill and the related bills at the second reading stage, but I will reserve my position in respect of the third reading. As I noted the first time I spoke to this bill, the Australian automotive manufacturing industry is a major part of the national economy, with exports growing to just under $5 billion in 2007. As an independent senator for South Australia I am acutely aware of and proud of the significant contribution that the automotive manufacturing industry makes to South Australia’s economy. And, can I say, it was an occasion of great regret—not just for me but I think for every South Australian—when Mitsubishi closed down its operations not so long ago. They made a great car but unfortunately it was not selling. It was a great car made by a great workforce and I hope that all of those who were dislocated by that closure have found work, because they deserve to.

I will in a moment address the comments made by Senator Joyce about the importance of the manufacturing industry and its potential impact. But there are a number of other factors that are very significant to the viability of the Australian motor vehicle manufacturing industry. One of those is the whole issue of tariffs. I support the 10 per cent tariff. I do not support it being reduced to five per cent in 2010. I note the contents of the
Bracks review. I think it is absolutely important—given the upheaval with Mitsubishi and the changes to the world car market relating to low-emission vehicles such as hybrid vehicles, which is an emerging and significant trend that I will refer to in the context of the amendments that the Greens have pushed for and that I have been highly supportive of—that we keep the 10 per cent tariff well beyond 2010. That is the key issue. If you are concerned about the motor vehicle manufacturing industry in this country, keep the 10 per cent tariff beyond 2010.

The intent of this bill has changed a little since its first introduction. Namely, it aims to raise the luxury car tax from 25 per cent to 33 per cent for vehicles over $57,180. These vehicles will be taxed for that portion of the cost that is above the threshold, with a projected increase in tax revenue of $555 million over the next four years. I note that in the budget forecasts there were, as I understand it, certain assumptions made with respect to the exchange rate. My question to the government is: to what extent will the movements in the exchange rate—the significant drop in the Australian dollar—impact on the projected tax take from these bills? I think it is important that we in the Senate know what that is because clearly it has changed one of the parameters.

But let us put this in context. This increase in the luxury car tax is part of the $6 billion of tax increases that are in dispute and that make up the projected $96 billion budget surplus. I am sympathetic to initiatives to support the local automotive industry. Keeping the tariffs at 10 per cent is a very significant bulwark, if you like, for the industry. I also support measures to encourage so-called green cars in terms of low-emission vehicles. But let us put this in perspective in terms of the concerns raised by Senator Joyce and others—and they are very legitimate concerns. Given that the vast majority of cars subject to this tax are in fact imported—close to 90 percent—I believe that this tax will not diminish the viability of the Australian automotive manufacturing industry. In fact, I think it will enhance it because this proposed tax overwhelmingly and disproportionately impacts on foreign cars.

I have concerns that this is a tax that in some respects is filling a hole to do with the government’s core promise to deliver tax cuts at the last election. There was a bidding war between the two major parties on tax cuts. Some would say it was a me-too tax cut announced by the then opposition to catch up with the then government’s proposed tax cuts. I would have thought a neater and more effective way of doing this, but it would breach a core promise of the Rudd government, would be to have a simple increase of about 0.4 per cent per annum on the top tax rate implemented earlier this year. There was a tax cut, but if there was a 0.4 per cent increase on the top marginal tax rate, the information I have is that that would raise about $510 million in revenue over the next four years. That would have been, I think, a more transparent and neater way of dealing with it. That would impact on approximately 200,000 Australians at that top rate and I believe it would be a more transparent way of taxing the better off, if that is what the government is really trying to do.

I had reservations about the bill in its original form but was prepared to support the second reading on the basis that there were going to be a number of amendments put to the chamber. I foreshadowed a number of areas which, if addressed, would have made it a fairer and more constructive bill. These areas centred on the 13 May cut-off date, the indexation of the threshold and the exemption of low-emission vehicles. As the bill was defeated at the second reading, and I respect that process, I was not able to have these discussions or to seek amendments.
However, the reintroduction of the bill would seem to signal the government’s intention to respond to the concerns raised by me and other senators.

For my part, I have actively sought briefings from the Treasurer’s office and consulted the various interest groups in preparation for this bill’s reintroduction. I do not think anyone, except perhaps Treasurers and Treasury officials, likes increased taxes. However, the government must raise revenue to fund its priorities, and I do not wish to obstruct it unnecessarily in this aim. That said, I still have a number of concerns that I have raised with the Treasurer’s office. These concerns relate to: firstly, the indexation of the threshold now and into the future; secondly, exemptions for low-emission vehicles; thirdly, contracts for vehicles signed before 13 May but not delivered until after 1 July; and, fourthly, the impact of these changes on primary producers.

In relation to indexation I note that in 1986 around 4.5 per cent of vehicles were classified as luxury cars—there was a different tax rate, but it was effectively a luxury car tax—and in 2007 that figure had grown to 12 per cent. This gradual creep in the threshold is a matter of concern. It occurs because there is a distinction in the method of indexation: there is a CPIMV as distinct from the ordinary CPI cost of living increases. That is why the threshold has not increased to the same extent as actual cost of living increases. It is based on a formula that has been well described in the Economics Committee’s report in terms of a quality adjustment that is part of the CPIMV. I discussed this in the speech I made in the first second reading debate on this legislation, and the Economics Committee’s report gives a fairly good and robust explanation. I have concerns that, if indexing is not addressed, one day my $18,000 Toyota Yaris may well be deemed to be a luxury car. It may not be in the near future, but it may be eventually because, as you can see if you look at the graph and the material set out at page 7 of the committee’s report, the CPIMV is pretty flat or has actually declined for some years whereas the CPI is growing at a steady rate. That is something that needs to be addressed.

I put those concerns to the government. I did circulate an amendment based on CPI from day one of this proposed new tax or increase in tax. I am not persisting with that amendment. I have withdrawn it, if that is the proper terminology, on the basis of information I received from the Treasurer’s office—and it is a pity we cannot have a guessing game here now, asking honourable senators what they think that figure is. I asked the Treasurer’s office what the cost would be of indexing from 1 July this year. I imagined it would be $10 million to $20 million a year, based on the ordinary CPI. The information I received from the Treasurer’s office in an email is:

The revenue cost of indexing the LCT threshold to the CPI rather than CPIMV would be in excess of $400 million, assuming enacted from 2009-10 and costed out to 2012-13. This is a rough costing only but unsurprising given the measure’s broad impact.

I appreciate the Treasurer’s office did seek advice from Treasury and did their level best based on the limited time available, but that does seem to be an extraordinarily high figure.

Further information I have received from the Treasurer’s office indicates the basic methodology was that this model was indexed to the LCT threshold with the CPI, that it took into account the growth in car sales and that the assumptions were as follows: that the CPI was in keeping with the budget forecasts; that Treasury’s car sales growth rate is a weighted average because of the budget forecasts for vehicle sales growth and Treasury’s analysis of VFACTS—the car
industry car sales growth data—to determine luxury car sales; that the car price reach model was averaged across the variants; and that the financial impact was determined by assessing the difference between the LCT revenue collections based on the current indexation treatment and the proposed treatment, keeping all else constant. It may be that other senators will have questions to ask about that. It seems to be an extraordinarily high figure, but I have accepted that figure in good faith on the basis of what I have received from Treasury. However, I do call on the government to provide specific details in the committee stage of the bill as to what percentage of vehicles will be classed as luxury cars and fall within the threshold in future years—perhaps in two, three, four, even 10 years time—if indexation is not applied. I think there ought to be some genuine attempt on the part of the government to advise us of that.

I note, however, that the government will be referring the issue of this tax to the Henry review of taxation. I would like clarification from the government as to whether this issue of indexation will be a specific issue that is referred to the Henry review by the Treasurer so that there is no ambiguity in relation to that. I appreciate the government’s undertaking that this and other issues relating to emissions will be going to the Henry review. I want to hear from the government in the committee stage as to how it calculated indexation. I believe that we deserve more details on that. I reserve my position on whether there ought to be an amendment to look at the whole issue of indexation from after this forward estimates period in four years time so that at least we can say there is a line in the sand. We would then examine whether we should still continue to use the CPIMV method of indexation or simply the CPI.

In relation to my concerns around greenhouse emissions, I note the work of the government and the Greens with this matter and foreshadow my support for these amendments, pending consideration of the technical aspects in the committee stage. I particularly welcome these amendments and congratulate Senator Milne for the work that she has done in relation to this. I believe that the future of the Australian car industry lies with green vehicles. That is the future. If we send a price signal now about exemptions for these green, low-emissions vehicles, that will send a very strong signal to our manufacturing industry here in Australia to plan for the future. We know what Toyota is doing with the hybrid Camry. That is a good step. But I believe that this would really kick-start sales and make a very significant difference by getting rid of that luxury car tax threshold on low-emissions vehicles with that ceiling of some $75,000. That is the way of the future for motor vehicle manufacturers in this country. That is the way that we can secure the future of this industry. That is why I believe that this approach of having those exemptions is the way to go. That is where our jobs will lie: in producing clean, green vehicles.

I also foreshadow that I will be introducing an amendment in the committee stage to address concerns about people who entered into a contract before the announcement of the changes in the luxury car tax but did not take delivery until after 1 July and hence were liable for the tax. For the benefit of senators, the initial amendment that I circulated had some issues with the wording, for which I am responsible. The wording is now clearer. That is something that I should have addressed earlier. But I think that the wording is now sufficiently clear to ensure that if a contract was entered into before 13 May and the budget announcement and delivery took a bit longer than expected then the tax should not apply. I see this as a matter of
fairness to consumers. Those who entered into a contract in good faith should not be forced to pay a surprise tax because their vehicle was not delivered until after 1 July 2008.

I also note that my advice is that the amendments to be moved by Senator Fielding—and I know that they will be discussed in the committee stage—are amendments that I in principle support. They are to do with exemptions for primary producers and for tourist operators. I ask what the proposed cost of that will be. I commend Senator Fielding for his work in relation to that. It seems to me to be one way of making this bill fairer for those primary producers and tourism operators. I support this bill proceeding through the second reading stage, but reserve my position in respect to the third reading. From a personal point of view, I hope that this will not be like Groundhog Day and that we can deal with this bill effectively.

Senator WILLIAMS (New South Wales) (1.03 pm)—I would like have my input on the Tax Laws Amendment (Luxury Car Tax) Bill 2008. First of all, I oppose the tax totally. It is hurting the industry. I have a graph from representatives from the industry showing the effect on the motor vehicle industry since the introduction of this tax—a tax that is now being collected by retailers and held in trust. The demand for such vehicles has dropped down enormously.

Let us reflect back to the year of 1948. Sixty years ago from this year, the first Australian car, with all its glitter and the chrome on its bumper bar, was proudly pushed out onto the road, the 1948 Holden. What a proud moment that was for Australia. Now we have situation 60 years later in which the government of today is prepared to put a tax on this industry to, as I see it, help close it down.

We heard yesterday from my friend Senator Birmingham about the 4,500 Holden Statesmans built last year which will fall under the umbrella of this increase in tax. We have seen a huge drop-off in demand for these types of vehicles. That spells the loss of jobs in Australian industry. It will be interesting to hear what Senator Carr, as Minister for Innovation, Industry, Science and Research, has to say about this situation later on.

We heard time and again about working families as we ran into the federal election. It was like a scratched record; it was as though the Rudd campaign had taken a Working for the man 45 from Roy Orbison and scratched it or restamped it. It went on and on. Working families? What about the working families in our car industry; in Holden and Ford? Don’t they count? Are we going to tax them out of existence?

It is simple. In my time on the farm, we would often be around the sheep yards working in the sun—or hopefully sometimes in the rain—drenching sheep and I would often listen to John Laws, the man with the golden microphone. He had a lot to say, and I often agreed with him. One of his common statements was, ‘The more you tax something, the less you have of it’. It is as simple as that. This government is going to tax our car industry and push it to the wall. It was a tragic day when we saw Mitsubishi close down in Adelaide. I lived in South Australia and I remember when it was Chrysler and Valiants that were made there. My uncle worked there. They were vital jobs. But that has gone. What will be next? These industries are being put under threat by this government.

Tough times are ahead. I fear what is happening in the overseas financial markets; the troubles that we have seen in the United States and the flow-on around the world. We
are coming into some very tough times. I hope that I am wrong. But there is clear evidence that things are becoming very scary and very dangerous around the world, and we need to have a government that is prepared to look at what they are actually doing in terms of protecting our jobs, our families and our industries.

Why do they want the extra money? They are fortunate to have been handed a budget well into surplus; they are fortunate to have taken over a government that is debt free—the $96 billion has been paid off. Now they want to grab some more. It is crazy because the economy is definitely slowing. It has certainly slowed in the regions I come from because we have had seven years of drought. There is no need to put the handbrake on them any more; they have had enough.

I simply say this: if the government are concerned about working families, do not assume that all who work in Ford and Holden are bachelors and spinsters and do not have families; in fact they are working families and they will be under threat. I think it is a disgraceful tax, and it is a tax that the government are using to try to show to the people that they are fiscal conservatives. We know it is not true. I live in New South Wales, and we have seen how the Labor Party manages money in New South Wales. We saw what their predecessors pre-1996 did when it came to managing money. They had no hope of managing money.

What about those who live and work in country areas? Take the vet. The vet might have a four-wheel drive wagon. If he is called out to the farm he goes out on the dirt track. The creeks might be running a bit, the road could be rough—bulldust, holes, corrugation; I am familiar with them all. I have travelled them for many years, I can tell you. That vet might have a four-wheel drive wagon that cost more than $57,180. It is essential to his or her job, to carry out their work, but the government views that as a luxury. What are they supposed to drive? Some little imported Hyundai Excel? The first time you drive across a grid you wipe the bottom of the car out. They need to drive in safety. They need to be able to carry out their operations in a safe way. We hear about OH&S—it is thumbed to us all the time in New South Wales by the government there with all the red tape and rot that they go on with. But here they are bringing in a tax that is going to encourage people not to travel in a safe vehicle on rough roads.

We move on to the contractors. As Senator Joyce said yesterday, the only tractor you should have on a farm these days is a contractor, and how right he is because of the cost of machinery. I refer to, say, the wheat harvest coming up. Thankfully this year we have had some rain in the last couple of weeks that saved the wheat crop. Look at the typical contractor. Say he and his wife have three or four headers. You need $400,000 or $500,000 today to buy a new header. The average farmer cannot outlay that sort of money unless they have a lot of acreage of wheat to harvest—some 5,000 to 10,000 acres or whatever. So the contractor comes around. He might have three headers and three header drivers, because they do not drive themselves. He might have a couple of trucks to cart the grain into the storage on farm or to the silo or whatever. What is he supposed to do? Drive a Toyota tray top, which is not exposed to this tax, and cart the workers in the back of the ute? No; what he has got to do is have a wagon to cart people around—a wagon with some weight, size and strength in it. That will certainly be above $57,000. The situation is this: he probably has a trailer behind it with the spare parts, the oil, the grease and everything that contractors take with them but he is going to be taxed. Under the amendments that are
being proposed he will not be exempt from it. The amendments—I will get to them later on—are simply unfair and to me look like a dog’s breakfast. The vet and the contractor are some that will not be exempt from the tax.

Then there are those people who choose to live out of town. They might be schoolteachers, wives, kids. They just need a vehicle. They might have four children and therefore need a bigger vehicle—a Toyota Prado, say, that comes in at around $64,000. They might have a couple of hundred acres of land. It is their right to buy that and to live out of town. But if the majority of their income is not sourced through primary production, they are not exempt under any amendments that are going to come forward today. It is just a tax on those country people for having a vehicle for their safety and their security and to be able to get along the rough, wet or muddy roads perhaps even to get their children to a doctor or a hospital in the case of an emergency. But this government says, ‘We are going to tax them out of existence. They are irrelevant.’ It is disgraceful.

I thought that when I came down to this place the first thing I would see would be governments having some compassion. This tax shows no compassion to people, especially those in the rural and regional areas that I am here to proudly represent. So when these amendments come up there will certainly be some strong arguments against them.

The tax is a socialist tax. I will go back to what John Laws used to say before he retired, ‘You do not make the poor rich by making the rich poor.’ And that is what this is about. Someone gets out and works hard, becomes successful and then faces an extra tax because Treasurer Wayne Swan wants to grab the show and say: ‘I’m a great fiscal manager. Look, I have a $22 billion surplus.’ The only reason he has a surplus at all is because of the previous government and the way they managed the money—no other reason at all.

I will give you one example. A friend of mine rang me before I entered this parliament in about June and he told me what was going on. This bloke comes from a little town called Bundarra, just south of Inverell. He is a shearer. I know those on the other side of the chamber are probably not familiar with shearmen but in fact the shearmen and the AWU actually started their party. That is how the Labor Party started. He is a shearer and a bulldozer operator and he worked hard and became a little bit successful. Isn’t that what life is about in this free enterprise world? Work hard, work smart and develop wealth? That is certainly the wish of most people I know. Now he faces a luxury tax because his 14-year-old Toyota LandCruiser has done about half a million kilometres and is now due for changeover. He is landed with the tax. So this is what this tax is about—penalise those who have a go. To me that is not the Australian way.

I want to refer to a couple of other issues. I have received some information from Andrew McKellar from the Federal Chamber of Automotive Industries. I have graphs, which I will not present to you, but you can believe me that he has forwarded them to me. They show the way the industry has lost demand since the introduction of this tax. I have been in business for many years. In the last nine years I started my own business from scratch. It is a pretty hard game when you get out into small business and you start from scratch. The first thing you need is a market. No matter what you have got, whether it be goods or services, you need to be able to sell what you are selling. And here is a drop-off in demand in the industry to such an extent that I really fear how these people are going to maintain their jobs and
what is going to happen, especially in our domestic motor vehicle industry.

What is one of the worst things you can have happen to a family? One of the worst things is mum or dad comes home Friday night and says, ‘Here’s the good news!’—being a touch sarcastic—‘I finish up in two weeks time.’ The first thing the family thinks is: ‘How do we pay our mortgage, how do we make our payments on our home, what happens to the car’—they might not have paid for it—‘is it going to be repossessed?’ What sort of stress does that put on families? It puts a huge amount of stress on families. I have been through it myself and it is not a lot of fun, as I said in my maiden speech on Monday. But this government says, ‘That doesn’t matter. We’ve got $20 billion in the bank and we want to make it a bit more, so we’re going to tax these people.’ These are the battlers of our nation that are prepared to have a go. ‘That is what we’re going to do and we think it’s good fiscal policy.’ I say it is crazy policy.

I want to refer to those people living out of towns who look at four-wheel drives. My main concern about this tax is for the people who need a four-wheel drive for safety reasons. I have driven about three million kilometres since I left school: a million in semi-trailers and about two million in all sorts of other vehicles. One thing that I learnt long ago is that, in Australia, when you are out in the bush, wherever there are trees there are roos. It is as simple as that: if there are trees there, there are roos there. I have yet to go through any timbered area in this nation and there not be kangaroos there. And thanks to the development over 100 years of better water supplies, bores and pumps and everything else, the roo population is extremely high. In the old days they died in the drought—there was no water. That is not the situation today.

If you are travelling at night, mum and dad are bringing the kids home from a school eisteddfod or whatever, the first thing you need is a strong vehicle that can support a strong roo bar. If not, you can imagine, where I live—minus three degrees, 11 o’clock at night and you put the fan through the radiator and you are on Shanks’s pony—it is not a very safe place to be. That is why people, not only the farmers—and Senator Fielding has got some exemptions, I believe, in his amendments for them—but the people who work on these farms and choose to live out in these areas, should not be taxed for being safe, for protecting their wife and children to be able to get home at night without walking along. These are the issues that the government should consider before they push through this tax grab.

Senator Xenophon and Senator Fielding, coming from South Australia and Victoria, should realise that they have industries in their states that are vital for jobs. It is vital that those industries stay alive in this tough, competitive world where we see imports of vehicles from countries where you are lucky if you are paid $5 a day. I have been through the factories in Thailand over many years and seen the conditions that people work in. I certainly hope they improve in time, especially when it comes to some of the safety issues there. Senator Xenophon and Senator Fielding should realise that this is going to hurt their industries. But the blame will come back on the government. When the economy slows further, as no doubt it will with the traumas around the world, they are the ones who are going to have to answer. And do not think for a minute that everyone in South Australia, Victoria and the rest of Australia are suffering from amnesia, because they will remember it come election time. They will know who put the pressure on industry, who made it harder for the people out in the
bush—the contractors and everyone else—and who is going to suffer the most.

As a proud National, I will be putting some amendments up. They are just simple amendments—not a dog’s breakfast, not complicated, not a situation where they will have paperwork to do and claim up to $3,000 back or whatever, but simply a two-tiered system. At $57,180 the status quo remains at 25 per cent luxury car tax. Then at $90,000 the second tier will cut in where the tax will go to 33 per cent. So the situation is this: the money grabbers on the other side, who want to tell the rest of Australia that they are fiscal conservatives—we have heard it all before—and really can manage money, can get the money out of their Maseratis and Ferraris and Porsches and all those things that the Treasurer is holding up after we rejected it last time. I have yet to see a Porsche in Inverell or any country town. Likewise, a Ferrari or these other names of cars I cannot even spell, because we have never seen them. We have hardly ever heard of them, let alone seen them and read the badge on them. They can get their 33 per cent. That doesn’t worry me at all, because they do not exist where people such as myself and Senator Nash have our offices—two of the lucky senators in New South Wales who have our offices not in the city but out in the country areas, because people live there and people need representation. I must thank Senator Faulkner, too, for allowing that to happen. I am very pleased that Senator Faulkner did sign off to allow me to have my office in a country community. I do thank you very much for that.

Our amendment will be simple. There will be two tiers. The current system will remain at $57,180, which will not put more stress on our domestic industries, to keep them alive. Over $90,000 they can grab the tax, because the GXL Toyota LandCruiser 4.5 diesel is under that rate, and that is about the heaviest and strongest vehicle, along with some of the bigger Nissan Patrols, that are the common ones in country areas. If they want to go to a BMW four-wheel drive at $120,000, so be it; we don’t see many of them in the bush either. The amendments will be simple. We will propose to CPI those two levels so that a bit of fairness comes into the tax. That is where we stand on it, to protect the people.

Our first goal is to throw this tax out. It is not necessary, it is not needed. They do not have to crank hard on the fiscal policy of this nation, because the country is slowing. We have seen interest rates drop already. The pessimism is because the government has talked the economy down, they have put the bears into the sentiment. People are becoming negative. We see business and consumer confidence dropping to all-time lows because the government said they had inherited an economy that was so wrong. We will be putting these amendments up; we will be fighting for the people we represent. And I suggest that Senator Fielding and Senator Xenophon, who come from those states where these cars are manufactured, have a good look at our amendments, because they will be the ones answering to their states, and the people do not have amnesia, as I said before. I urge people to have a good, close look at the Nationals amendments—they will be supported by the Liberals and our friends over there—so some commonsense and fairness can get into this whole debate.

Senator FIFIELD (Victoria) (1.21 pm)—Labor almost always get it wrong on tax. Year after year, budget after budget Labor routinely voted against the personal income tax cuts, for instance, which we put forward in government. I say that Labor almost always get tax wrong because there was the odd exception, most notably our 2007 income tax policy, which Labor as we all know copied and have legislated. But now that we are out of government, Labor have got it
wrong again. As we always said: without the coalition in government to copy, Labor would get policy wrong. They have, and this legislation is yet another example, so I rise to join with my coalition colleagues in opposing this old-style Labor tax grab. The coalition have opposed and will continue to oppose the government’s punitive increase in the so-called luxury car tax. We oppose it for a simple reason: it is bad policy. We also oppose it because it was not an election commitment. The government have no mandate for this. As an opposition and as a coalition, we oppose tax increases as a matter of principle. We are the two parties in this parliament of lower taxation.

What we are seeing here is Labor true to form. It is again the politics of envy and class warfare, the sort of politics that Labor senators opposite have practised all their political lives. We heard a great statement by Kevin Rudd before the election that he was not a socialist. He had put behind him the days of his Christian socialism. He might still doff the cap to Dietrich Bonhoeffer but he was not a socialist—that was all behind him. The politics of Lathamesque class envy were banished from the Labor Party. But we are seeing the resurrection of that sort of socialism here with this tax grab. We are seeing it also with Labor’s attack on private health insurance. We have seen it with their attacks on Catholic and independent school funding. Most recently we are seeing the politics of envy manifest itself in the very vicious and quite personal attacks on the member for Wentworth and Leader of the Opposition, Mr Turnbull.

Labor are resorting to what they know best: the politics of envy. They are using it on this occasion to justify this tax slug. Labor’s claim that the coalition is protecting the Rolls-Royce, Porsche and Ferrari drivers from a tax increase is false, as Senator Williams said. The coalition is acting to protect families, those in rural areas, the tourism industry, those in the Australian car-manufacturing industry and also those on the floors of car dealerships—those who actually sell these cars. Labor’s decision to reintroduce the tax after it was defeated is playing politics with the Australian automotive industry, which is now faced with continued uncertainty and reduced sales at a time that it can least afford it.

The facts are pretty straightforward. Almost 70 per cent of cars subjected to the luxury car tax are below $75,000—cars such as Toyota LandCruisers, Holden Commodores, Toyota Taragos, Mitsubishi Pajeros and Ford Falcons. Only 17 Rolls-Royces were sold in Australia last year and only 522 Porsche 911s were sold, yet over 6,000 LandCruisers were sold. In fact, the LandCruiser is the top-selling so-called luxury car, averaging around $74,000 each. The Toyota LandCruiser is not a luxury car. It is a rural workhorse and it comes standard without carpet. We have to face it: who on earth buys a LandCruiser as a status symbol? Labor is slugging Australian LandCruiser drivers $6 million extra per year, but Rolls-Royce drivers will only be slugged $1 million per year. Worse, under Labor’s deal with the Greens, for example, an imported BMW 3-series diesel would be exempt from a roughly $900 tax increase, but a roughly equivalent optioned-up Australian made Holden Commodore would not. That is bizarre—and Labor pretends to support the Australian automotive industry.

On top of all this, even Labor senators in their majority report after the Senate inquiry into this tax grab concluded that the tax would be inflationary. Labor’s only rationale for this tax is to increase revenue to boost the surplus and supposedly fight inflation. Yet even Labor senators concede in their own majority report that the impact of this tax would be inflationary. The whole argument
Thursday, 18 September 2008

for increasing this tax was as part of a so-called war on inflation. But I think we are seeing a new Labor doctrine here: fight inflation by increasing prices through higher taxes. I have to admit I have not heard of this particular inflation-fighting concept before, but Labor are always coming up with new economic ideas.

You do not want to take it from me that this tax increase will be inflationary; take it from the words of the Labor senators themselves. At paragraph 2.19 of their report they acknowledge that this measure will be inflationary. The inflationary impact will not be massive—I have to admit that. But I would have thought that, if your objective is to fight inflation and you say that there is an inflation crisis and that there are genies jumping out bottles all over the place, you would not actually do that by introducing a measure that your own senators acknowledge would be inflationary. I would expect that the measure be neutral at worst and anti-inflationary at best. But, no, that is not what we have here. Even Labor senators acknowledge that point—they put their names to that point in their majority report and they have signed off on it.

The Senate economics committee hearings into the proposed increase in the luxury car tax oddly wound up without taking evidence from someone who I think is a key witness—Mr Steve Bracks. Mr Bracks was of course appointed by Senator Carr to conduct a review of the Australian automotive industry. The government refused to release the Bracks review at that time, and its evidence, to the Senate inquiry even though it was sitting on Senator Carr’s desk at that time. Mr Bracks was specifically tasked, amongst other things, with examining the luxury car tax in his review, and indeed in his interim report flagged reducing the tax, not increasing it. Despite having the review, Senator Carr refused to release it.

Debate interrupted.

INTERNATIONAL TAX AGREEMENTS AMENDMENT BILL (No. 1) 2008
Second Reading

Debate resumed from 15 September, on motion by Senator McLucas:

That this bill be now read a second time.

Senator MASON (Queensland) (1.30 pm)—I rise today to indicate that the International Tax Agreements Amendment Bill (No. 1) 2008 will receive the full support of the coalition. The bill primarily gives effect to a new tax treaty with Japan and replaces the previous double taxation agreement that Australia signed with Japan way back in 1969. Like a number of tax bills this year, this bill had its origins last year under the coalition government but lapsed because of the federal election held in October last year.

Japan is Australia’s largest trading partner, which sometimes we forget, and thus it is very important that we build upon this very strong economic relationship. In light of the fact that the original treaty was 38 years old, the coalition government last year began negotiations with the Japanese government to update the tax treaty. The coalition, who were serious about attracting foreign investment into Australia, sought to negotiate an agreement that was based on the OECD model tax convention—consistent with other tax treaties that have been concluded with Australia, such as the agreement that we have with the United States. The new treaty was agreed to in principle by the Japanese Minister of Finance, Koji Omi, and the then Australian Treasurer, the member for Higgins, Mr Peter Costello, on 3 August 2007.

Specifically, this new agreement will reduce withholding tax on dividends, interest and royalty payments. It will improve tax integrity measures and will put in place new rules for real property which bring the capital
gains tax treatment into line with that of the OECD. It also facilitates increased cooperation between Australian and Japanese authorities to reduce fiscal evasion.

The coalition parties are the parties of lower taxes, and we support moves that will help to reduce the administrative burdens of tax compliance. When we were in government we moved to lower the corporate tax rate to encourage investment in Australia. This bill is a logical extension as it helps to facilitate investment and trade between Australia and Japan, to the benefit of the people of both countries. I commend this bill to the Senate and urge all senators to support it.

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (1.33 pm)—in reply—I would like to thank Senator Mason for his contribution to the debate on the International Tax Agreements Amendment Bill (No. 1) 2008. I would also like to commend the opposition for their support of the bill.

Both sides of parliament recognise the importance of the new Australia-Japan tax treaty and the significant role it will play in fostering the continued economic development of both economies. Responding to the needs of both Australian and Japanese business, the new Australia-Japan income tax convention comprehensively updates the existing tax treaty arrangements with Japan, which date back to 1969. The existing agreement no longer fully reflects the modern tax treaty policies of either country. The new convention, which will modernise and enhance the bilateral tax arrangements between Australia and Japan, was signed in Tokyo on 31 January this year. The bill will give the force of law to the new tax treaty with Japan by inserting the text of the new convention into the International Tax Agreements Act of 1953 and repealing the existing treaty.

Japanese investment in Australia totalled $55.5 billion in 2007, up $6 billion on the previous year. As a result, Japan is the third largest source of foreign investment into Australia. Direct investment by Japan continues to play a key role in the development of many Australian industries, including export industries such as car manufacturing and natural resource development activities that have driven Australia’s export performance. Australia is now one of the largest recipients of offshore investment by Japanese mutual funds. The new convention underlines the strength of the modern and sophisticated bilateral ties between the two countries and reduces obstacles inhibiting further corporate expansion into Japan. The treaty will underpin the strong bilateral relationship by reducing tax barriers between the two countries and thereby delivering tangible benefits to both Australian and Japanese businesses.

Key outcomes from the convention include: lower withholding taxes on dividend and royalty payments for businesses looking to expand offshore and to obtain access to valuable intellectual property; specified interest withholding tax exemptions that will facilitate more competitive and accessible cross-border debt arrangements; and broadly aligning capital gains tax treatment with international practice and with Australia’s domestic law. The treaty also ensures Australia’s revenue base is appropriately protected by preserving taxing rights over income from real property and income arising from activities related to Australia’s natural resources and enhancing information exchange provisions which allow the tax administrations of both countries to share tax information.

In his address to the House of Representatives, the member for Lindsay highlighted that the tax treaty is:

... an essential element of having an open trading environment across the globe ...
In particular in relation to the withholding tax reductions, the member noted that the removal of withholding tax on certain payments prevents a lock-up of profits offshore while also reducing an impost which is passed on to consumers.

The government is committed to ensuring that Australia’s tax treaties remain relevant to evolving business directions. It is worth while noting that public submissions received as part of their review of Australia’s tax treaty program and policy announced by the government earlier this year strongly supported the outcomes of this convention.

The new convention will enter into force 30 days after both countries advise that they have completed their domestic requirements, which in the case of Australia includes enactment of this bill. The treaty has been considered by the Joint Standing Committee on Treaties, which has recommended that binding treaty action be taken.

Question agreed to.

Bill read a second time.

Third Reading
Bill passed through its remaining stages without amendment or debate.

Sitting suspended from 1.38 pm to 2.00 pm

QUESTIONS WITHOUT NOTICE
Superannuation Funds

Senator COONAN (2.00 pm)—My question is to the Minister for Superannuation and Corporate Law, Senator Sherry. Can the minister advise the Senate by how much the government expects returns on Australia’s $1.3 trillion superannuation funds to fall as a result of the world financial crisis?

Senator SHERRY—Firstly, if I could correct the figure in the question, the last total balance, as I am advised, for Australia’s superannuation funds is $1.1 trillion not $1.3 trillion—that is, unless APRA in the last day has issued some further data to show that the figure has gone from $1.1 trillion to $1.3 trillion. If it has I would frankly be surprised if the superannuation savings of Australians have gone up in current market circumstances.

As all senators are aware and, indeed, most Australians in the general community are aware, there is a global financial crisis. I have spoken on this matter on a number of occasions. What has occurred in the United States is known as the subprime housing financial crisis. What has occurred in the United States is the mis-selling of mortgage products to millions of Americans who, on any reasonable reading, could not afford those mortgages. In turn those mortgages were securitised and underwritten by a range of financial institutions and given AAA ratings.

As the emerging turmoil, the collapse, the takeover and the effective nationalisation of a number of financial institutions has occurred in the United States, as the debts have been exposed, that in turn has had an impact on the share markets. Australia has not been immune from this. There has been a worldwide impact on all advanced economy share markets including Australia’s. In turn, when share markets fall, given that the predominant investment product in Australian superannuation funds is in equities in the share markets, then the rate of return at any single point in time within superannuation funds will decline if the markets fall.

What we have seen in the last financial year as a result of this turmoil is an average reduction of 6.4 per cent negative rate of return in respect of Australian superannuation funds. This is not the first occasion that we have seen negative rates of return in superannuation fund assets. I am sure Senator Coonan would recall when, I think, she was
Assistant Treasurer there was a negative rate of return—not as significant and not as widespread—in the period 2000-01. I am sure Senator Coonan recalls that period.

What is important to emphasise is that the real long-term rate of return in superannuation is an average of five per cent. It is very important to emphasise in these market circumstances, with their impact on superannuation funds, that it is the medium-to-long-term rate of return which is relevant in making a judgement on superannuation funds returns. If APRA have not published the latest data on the value of Australian superannuation funds as at the last quarter then I will contact APRA to see what the latest position is as of today. (Time expired)

Senator COONAN—Mr President, I ask a supplementary question. The minister has completely failed to deal with the question which was: by how much the government expects returns on Australia’s super funds to fall as a result of the world’s financial crisis. My supplementary question is: has the government undertaken any modelling on how many self-funded retirees may be forced onto a full or part age pension as a result of the negative effects of the world financial crisis on their super?

Senator SHERRY—The intersection of superannuation with the age pension, for example, comes about as a result of the means test, the assets and incomes test, of the pension. The value of non-pension assets is important to calculate and that does impact on the level of age pension paid to individuals if the value of their superannuation goes up or down when it is reassessed.

Senator Coonan—Mr President, I rise on a point of order to do with relevance. I appreciate that conventionally the response from the President to a point of order on relevance is to say that you cannot direct the minister as to how to answer the question, which of course we all accept. But you can direct him, in my respectful submission, to be relevant. That is something that you can do and I would ask that you do so.

The PRESIDENT—Thank you for the point of order. You have ruled on the point of order before I had a chance to. There is no way in the world that I can direct any minister to answer the question. I can draw the minister’s attention to relevance. The minister has 24 seconds in which to continue his answer and he should bear in mind relevance to the question.

Senator SHERRY—Thank you, Mr President; I certainly have borne in mind relevance because I am addressing the issue of the intersection in evaluation of a particular individual superannuation at any particular point in time—and other assets for that matter—under the means test provisions with the age pension, and the question went directly to that. I am not aware of any— (Time expired)

Economy

Senator HURLEY (2.07 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. Will the minister update the Senate on developments in global financial markets and the importance of responsible economic management at this time?

Senator CHRIS EVANS—I thank Senator Hurley for the question, which I think is a very important one at this time. I think everyone would be aware that this week has been a difficult one for global financial markets. Share markets globally have fallen significantly in the past few days and Senator Sherry was explaining the impact that might have on superannuation in the previous question. We have seen the fourth largest investment bank in the US go bankrupt and the third largest bought out by the Bank of America. The world’s largest insurer has re-
quired a US$85 billion lifeline from the US Federal Reserve, and the UK’s fifth and sixth largest banks, HBOS and Lloyds, were in merger talks overnight.

We are facing some of the most difficult times in global financial markets in more than 25 years. We will continue to see volatility in those financial markets over the period ahead. Our regulators are closely monitoring events in the United States and elsewhere and remain in close contact with their international counterparts. We are not immune from these global difficulties but I think we are better placed than most countries to weather the storm. The fundamentals of our economy remain strong. As well as having a well-regulated financial system we have record terms of trade, and businesses are confidently investing in the future. Because many of the global challenges are beyond Australia’s control, we are focusing squarely on those things that we can influence, and the government has moved quickly to strengthen our financial system. We delivered a strong budget surplus to provide a buffer against global turmoil and to invest in future growth. We built the strong surplus to make sure we have the flexibility to meet today’s challenges. It is, if you like, our insurance. We made room in the budget to deliver support for families, including $47 billion in tax cuts and additional support for carers and pensioners, and we have laid the foundation for $40 billion worth of responsible investment in nation building and growth for the future.

We are confident that with the right policy settings we will come through these times in a stronger position than many other economies. We think that is the sort of responsible government Australia needs. It is the sort of responsible government the Rudd Labor government is delivering, and we would hope that we get support from the opposition for such an approach. In government, the previous government—the now opposition—supported having strong budget surpluses. They saw the need when they were in government. But since they have gone into opposition they suddenly want to spend, spend, spend and threaten the budget and the surplus. They want to undermine our government’s attempt to keep downward pressure on interest rates, to keep downward pressure on inflation and to provide the stability and confidence that is necessary for families and pensioners so that they are protected from high inflation rates—the high inflation rates we inherited from the former government.

It is important that we have the sort of stability and the sort of leadership that that budget surplus provides. We are anxious to make sure that the budget is passed by this Senate so that the Australian public can be reassured that the benefits of that budget surplus will be shown in the economy. I urge the opposition to pass our budget to allow us to provide the best possible protection for Australian families from the global economic crisis.

Age Pension

Senator ADAMS (2.11 pm)—My question is to the Minister representing the Prime Minister, Senator Evans. Can the minister confirm that a significant number of Labor backbenchers support an immediate one-off relief payment to age pensioners before Christmas?

Senator CHRIS EVANS—I thank Senator Adams for her question and I acknowledge that she has a genuine interest in pensioners and has a long-term interest in their welfare, but I am disappointed that this is only the second question on pensions raised by the opposition in question time this week. They threatened that they were going to come into the parliament and campaign hard for pensioners. And what do we get? In four days we have had two questions. We have
not had any debate and I understand that the bill which they threatened to bring in is coming in next week. That is how urgent their concern is! It has been pathetic. The Rudd Labor government is very concerned about the conditions confronting pensioners. That is why in our budget, the first Labor budget—

**Opposition senators interjecting—**

**The PRESIDENT**—Senator Evans, resume your seat. The minister is entitled to be heard in silence.

**Senator CHRIS EVANS**—It is important that this parliament do all it can to support pensioners. That is why the Rudd Labor government in its first budget, within months of coming to office, made a $7.5 billion investment in trying to alleviate conditions confronting pensioners, carers and those on disability pensions. We actually increased the utilities allowance from $125 to $500 per annum—an immediate $400 increase in the utilities allowance to help pensioners meet those costs. We also provided a $500 bonus to pensioners, again to try and insulate them against the high inflation that we inherited from the previous government. So those are two very concrete measures—in addition to some relating to telephone allowances and others—that sought to provide immediate relief to pensioners, to provide more cash to assist them given the huge interest rate pressures in the economy that the previous government created.

We acknowledge that pensioners are doing it tough, we acknowledge that more needs to be done and we immediately set about trying to address the structural issues that underpin the concern about the level of pensions. So, in addition to making the initial down payment, we said we were going to look at how we might improve the pension and support systems for pensioners in a fundamental way—not just continue to throw annual bonuses at pensioners, if and when the cash is available, but fundamentally look at how we support them, because we accept they are doing it tough. Rather than the opposition resorting to stunts, rather than them pretending they are interested and then showing no interest in pensioners when they come into this parliament, we urge them to support the fundamental review we are doing about conditions that impact on pensioners. We would ask them—

**Senator Adams**—I rise on a point of order on relevance, Mr President. I asked the minister whether he could confirm that a significant number of Labor backbenchers support an immediate one-off relief payment to age pensioners before Christmas.

**The PRESIDENT**—There is no point of order. I draw your attention to the question, Senator Evans.

**Senator CHRIS EVANS**—What the Rudd Labor government and all its members are committed to is trying to assist pensioners as best we can to confront the rising cost of living. Part of that is providing strong economic leadership, part of it is providing immediate measures to assist them, as we did in the budget, and part of it is looking at the fundamental reform of pensions, to which we have committed. But we do not just think about age pensioners; we actually think about those pensioners with disabilities on disability support pensions. We think about veterans. The stunt proposed by the opposition totally excluded those people, took no account of them. They are on a related income and the opposition does not seek to recognise the stress they are under as well. The Rudd Labor government is committed to reform in this area. We are committed to assisting pensioners and we will be taking action. *(Time expired)*

**Senator ADAMS**—Mr President, I ask a supplementary question. If the government
will not listen to its own 83-page report on increasing the pension, if it will not listen to the Catholic social justice commission and if it will not listen to its own backbenchers, will it at least listen to pensioners themselves and immediately commit to a one-off $30 increase in the single age pension?

Senator CHRIS EVANS—As I say, I would take the senator’s question more seriously if she and her colleagues had done anything in this parliament today or anything this week to raise these issues. But, as I have indicated, the opposition are more concerned about defending luxury car tax purchasers. We have had 22 of them speak on that in this parliament this week—22 of them committed to speaking on the luxury car tax and only one question before this on the plight of pensioners. Those are the opposition’s priorities. The Rudd Labor government is focused on delivering for pensioners and assisting them, and we would appreciate if the opposition got its priorities right and focused on their issues rather than the needs of luxury car purchasers.

Airport Noise

Senator BOB BROWN (2.18 pm)—My question is to Senator Conroy, representing the Minister for Infrastructure, Transport, Regional Development and Local Government. Is the minister considering the master plan for Canberra International Airport, including the proposal that it be a second Sydney airport and a national freight hub with 24-hour operations? I ask the minister: will he guarantee the people of Canberra and adjacent areas a good night’s sleep by ensuring there will be a curfew at Canberra airport from 11 pm to 6 am, as there is in Sydney and indeed in Essendon and Adelaide?

Senator CONROY—Can I thank Senator Brown for that question and also thank him, as it is not my direct portfolio, for advising the minister’s office. The response that we have received is that the government recognises concerns about the negative effects of aircraft noise and its impacts on everyday life. The government supports appropriate measures to minimise the impact of aircraft noise on communities. At present there are established noise abatement zones in the geographical areas surrounding Canberra airport. The zones have been established for a number of years and the government does not currently have plans to change the existing arrangements.

I understand details of these zones are publicly available on Airservices Australia’s website, and I would note that with current traffic and noise levels the government believes there is not sufficient evidence to support calls for a curfew being imposed at Canberra airport. Consideration of any future curfews for all federally leased airports will take place through the current work on the national aviation policy statement. Of course, the government is considering global best practice aircraft noise mitigation initiatives in the development of this statement.

Senator BOB BROWN—Mr President, I ask a supplementary question. I thank the minister for that and I ask: in the reverse of that answer, is the government considering a master plan for Canberra airport to be a national freight hub operating 24 hours a day? When will the government make its decision on that proposal?

Senator CONROY—Thank you again, Senator Brown. This is all the information that I have from the minister at this stage. I am happy to come back to you as quickly as is possible with any further information to assist you with your supplementary question.

Hospitals

Senator NASH (2.21 pm)—My question is to the Minister representing the Minister for Health and Ageing, Senator Ludwig. Is the minister aware that doctors at the Mur-
willumbah and Tweed hospitals on the New South Wales North Coast are in open revolt against government cutbacks of services at the hospitals? Given that the doctors now say that Tweed Hospital is unsafe for patients, and given that the local federal Labor MP was re-elected on the promise that ‘Kevin Rudd will fix our hospitals’ and ‘We will end the blame game’, will the minister intervene in the Tweed Hospital’s crisis before patients die unnecessarily?

Senator LUDWIG—I thank the senator for her question. I know Senator Nash continues to have an interest in health. There are a couple of important statistics, though, that we need to go to. The first is that, New South Wales wide, the number of long elective surgery waiting lists has been almost halved in the year to June 2008 to 40 patients. The Rudd government is acting in this area. It is taking a considered and measured approach, both through the COAG process and through Minister Roxon’s own actions aimed at ensuring that health is put squarely on the agenda, unlike what the Liberals did in their 12 long years in government.

The second point is that we have never pretended to be an apologist for the states. We recognise there are problems. Many of them are a result, as I have said, of 12 years of neglect. It has been difficult to address them in the short time that we have had them, but, when you look at the long length of time that the Liberals opposite had to deal with this, it is one of those areas that they did not take to a COAG agenda. The Liberals opposite did not look at how they could establish a health fund to deal with some of these issues. They were not elected to deal with elective surgery waiting lists, unlike this government in the nine months that it has been in office. We have taken the issue to COAG. We have started to address the elective surgery waiting lists in states. We have started to address how we can ensure that we have a health fund for the future. We have also started—

Senator Abetz interjecting—

Senator LUDWIG—I will pause there for a moment because I think the Liberals opposite do not understand or refuse to understand the work that we have done through COAG, which they were incapable of doing when they were in government. The $600 million waiting list reduction plan has its initial phase focused on patients on long waiting lists, as I have said. That is something that those opposite, Senator Nash, including you, did not press when you were in government to ensure that there was work being done.

In New South Wales, statistics are consistent with this strategy. But, as I said, the Department of Health and Ageing is working with the states to report back on progress to date. I understand, though, that not all the states have the statistics available, and I know the senator has focused in on a particular region quite close to my home state of Queensland. But the other initiatives in the areas of hospitals include $1 billion for hospitals this year, unlike what those opposite—

Opposition senators interjecting—

Senator LUDWIG—And they seek to interject. Perhaps they do not like the good news. It can only be for that reason that they raise their voices to interject. We have committed $10 billion to establish the HHF for significant health research and technology investment and $275 million for 35 super-clinics across Australia, creating 1,300 extra medical training places each year. But there is also an extra 1,170 nurse uni training places per year from 2009. It is about systematically addressing, through the COAG process and through the Commonwealth initiatives that I have outlined, not only those hospitals on the coast around the Tweed but also—(Time expired)
Senator NASH—Mr President, I ask a supplementary question. Given that the Labor MP for Richmond was pictured on the front page of the *Tweed Daily News* on 26 July officially opening 30 new beds at the Tweed Hospital, beds which to this day remain empty, will the senator ask the minister for health to get on the phone to her state counterpart, the husband of the member for Robertson, and insist he come good on this longstanding but still unkept Labor Party promise to Tweed patients?

Senator LUDWIG—It seems we now have Senator Nash thinking she is in the New South Wales parliament. What this government is doing is addressing the problems that the Liberals left us over the last 12 years. In the nine months we have been in office, we have done more in this area than those opposite did in the last 12 years. As I have said, we have spent $600 million on addressing the elective surgery waiting lists right across Australia—at the Tweed, right across New South Wales and right into Victoria—unlike those opposite. Yes, I can hear them complain. Of course they are complaining, because we are actually doing something which they failed to act on while they were in government. That includes our hospital fund and addressing waiting lists and GP superclinics, because, unlike the Liberals opposite, we understand that this is an important area that does need to be addressed. (Time expired)

Economy

Senator CROSSIN (2.27 pm)—My question is to the Minister for Superannuation and Corporate Law, Senator Sherry. Can the minister update the Senate on how the US financial crisis is affecting other financial international markets, as a result of the US financial crisis—the subprime crisis, which I have referred to often in this chamber. It is often said that we live in a global economy, and nowhere is it clearer that we live in a global economy than when it comes to financial markets. National sovereignty or not, the impacts of what has occurred in the US are spreading far and wide across the globe. The contagion that is occurring is a new worry about levels of debt, particularly undisclosed debt, the valuation of debt and fear of possible exposure to toxic US subprime mortgages. This is causing havoc in many countries around the world.

The unfortunate latest developments occurred in the United Kingdom. Overnight we have learnt that British firm Lloyds TSB is close to finalising terms for a takeover what is known as the Halifax Bank of Scotland or, more commonly, HBOS. Reports indicate that the British Prime Minister, Mr Gordon Brown, has had to personally intervene to see Britain’s biggest savings bank rescued from financial difficulty. It is reported that Lloyds TSB will acquire HBOS for approximately £12 billion—that is approximately A$27 billion—to create a lender that would control more than a quarter of the UK mortgage market. The UK government is not directly involved but is supportive of the deal.

The stories follow Tuesday’s downgrade of the credit ratings of HBOS to A+ from AA- by Standard and Poor’s. After the downgrade, markets have become concerned about HBOS’s ability to fund itself. HBOS owns other financial institutions, including Halifax, Bank of Scotland and Birmingham Midshires. The takeover value that is proposed is less than one-quarter of the value of HBOS some 18 months ago. HBOS owns
BankWest, in Australia. APRA is closely monitoring as, indeed, it is closely monitoring the liquidity of all Australian financial institutions within its jurisdiction, including the liquidity of BankWest—HBOS’s Australian subsidiary—and HBOS itself. APRA is also in daily contact with the UK Financial Services Authority. There is no suggestion—and I emphasise this—that BankWest is experiencing any difficulties. I repeat my previous advice to senators: Australian banks are well capitalised, well regulated and do not have the same problems as banks in the United States.

Senator McGauran—Macquarie?

Senator SHERRY—You should be very careful about your interjections, Senator McGauran. The Treasurer and I have been briefed by the Treasury and are in close communication with the Reserve Bank and APRA. The government is closely monitoring and is in constant contact with the regulators on these issues. Of course, the Australian economy and financial markets are not immune from these global developments. What we have learnt with respect to regulation of financial services generally is the need for single national standard regulation of financial services to maximise integrity and safety in respect of prudential regulations and supervision of financial markets. I can inform the Senate that the Australian government has acted decisively in this way. We have reached agreement with the states to transfer all of the remaining regulatory and supervision of a wide range of financial products and the delivery of those products into a single national regulatory system.

(Time expired)

United Nations

Senator PAYNE (2.32 pm)—My question is to the Leader of the Government in the Senate, Senator Evans, and refers to the Prime Minister’s upcoming visit to the United Nations, where he will lobby for a temporary seat on the United Nations Security Council for Australia in 2013-14. I ask the minister: how much does the government intend to spend on the candidacy for a seat on the UN Security Council? Further, what changes will be made to Australia’s foreign policy priorities and focus as a result of the bid for a temporary seat on the Security Council?

Senator CHRIS EVANS—I thank Senator Payne for her question. As she rightly points out, the government has taken a decision to seek a seat on the UN Security Council. That is a process which involves a great deal of preparatory work in talking to the members of the UN General Assembly about one’s candidature and canvassing support. I am sure it is a process that Senator Payne is well aware of—similar processes occur inside politics more generally.

That process has commenced and there is a section inside the Department of Foreign Affairs and Trade—perhaps Senator Faulkner would know more about this than me—which has been tasked with coordinating that campaign for promoting a candidacy. In fact, Mr Potts, the Ambassador for People Smuggling Issues is engaged in that. On my recent trip to South-East Asia with him, he engaged in some discussions promoting Australia’s interests in that regard.

Certainly we will incur costs in relation to that. They are mainly costs relating to the time and effort of public servants engaged in that activity. There will be perhaps some costs in terms of people visiting other countries, seeking support and talking to people about the issues involved. Senator Payne, I will have to get whatever details I can for you on that—I do not have any information as to what that would be. I suspect there will not be any detailed information as yet given the candidacy is relatively recent and there is
quite a period until the decision is taken. But it is the case that this government is keen to re-energise our engagement with the United Nations. We have indicated that it is one of the three pillars of the government’s foreign policy, and we think we ought to be taking a much stronger interest in the UN than perhaps was the case under the previous government, although former Senator Hill is actively engaged in pursuing our interest in the UN. When I saw him the other day he seemed to be quite enjoying his new life outside of the Senate—he was looking almost as relaxed as Senator Ellison is beginning to.

It is the case that we will incur costs in supporting the candidacy. I would mention that next week the Prime Minister will be attending the United Nations General Assembly with, I understand, over 130 other world leaders. While he has got a very large agenda pursuing bilateral issues as well as his involvement with the United Nations General Assembly, no doubt some of that engagement next week will involve considering the promotion of our interest in securing a spot on the UN Security Council. I will see what other information I can get for you in terms of your primary question and advise the Senate as soon as I can.

Senator PAYNE—Mr President, I ask a supplementary question. I thank the minister for the information he has provided. In his response, the minister adverted to a great deal of preparatory work having to be done for the bid and to a dedicated section in the Department of Foreign Affairs and Trade being established to pursue the bid. He also made reference to the costs being related to the time and effort of public servants. Can the minister advise whether this means that already scarce resources in the Department of Foreign Affairs and Trade have been diverted from elsewhere to address this bid? What particular areas of the department may suffer as a result of any redirection that may occur? How does the government expect the Department of Foreign Affairs and Trade, given the significant budget cuts in staffing and resources that it has endured, to manage a campaign of this size?

Senator CHRIS EVANS—In response to the supplementary question, I suspect that the representative of the Minister for Foreign Affairs, Senator Faulkner, might have been able to help with more specific information. But, as I understand it, from talking to Mr Potts recently, the current allocation of resources is fairly modest but will grow as the bid develops. We very much see this as central to our more general work in engaging with the UN and pursuing our foreign affairs interests. I do not see this effort as being separate or divorced from our more general foreign affairs objectives but, as I say, if there is more information on resource issues that I can get, I will provide that to the senator as soon as possible.

Water

Senator XENOPHON (2.38 pm)—My question is to Senator Faulkner, the Minister representing the Minister for Climate Change and Water. The Salisbury council in South Australia is a national and world leader in stormwater harvesting, with the architect of their scheme, Colin Pitman, estimating that, if the existing local scheme is expanded, some 80 gigalitres of Adelaide’s stormwater can be harvested at an infrastructure cost of some $350 million, about one quarter of the cost of Adelaide’s proposed 50-gigalitre desalination plant. Does the minister agree that stormwater harvesting is a much cheaper and much less energy intensive method of delivering clean water than a desalination plant?

Senator FAULKNER—I thank Senator Xenophon for his question on this important issue. At the heart of the government’s approach to water policy is the recognition that climate change means reduced rainfall. The
$12.9 billion Water for the Future plan, the $1 billion National Urban Water and Desalination Plan and the $250 million National Water Security Plan for Towns and Cities will help secure new water supplies for households and businesses. I am advised that the $250 million National Rainwater and Greywater Initiative will also deliver on the key priority of using water wisely. These programs will help deal with the impacts of climate change and reduce our reliance on rainfall.

I am advised that several specific stormwater harvesting projects are underway in Adelaide, receiving almost $53 million in Commonwealth funding. They include Waterproofing Northern Adelaide, Waterproofing the South and the metropolitan major irrigators stormwater reuse project. I understand that these projects also involve water-recycling activities. Combined, these projects have the capacity to harvest up to 17 gigalitres of stormwater per year and they will be operating by 2011.

The federal government has also committed $6.55 million in funding for the Salisbury stormwater harvesting project under the National Water Security Plan for Towns and Cities. That project will have the capacity to harvest up to 6.3 gigalitres. That project will be operating, I understand, by 2012. As part of the $1 billion fund, we are establishing a $20 million Centre of Excellence in Water Recycling. I think that is to be sited in Brisbane. The centre of excellence will enhance Australia’s research and development capacity in recycling and stormwater.

Under the Raising National Water Standards Program, there is an $800,000 project underway to help decision makers assess the suitability and viability of the aquifer storage and recharge. The federal government, along with state and territory governments, has released water-recycling guidelines so that project planners can match water quality to intended uses in the safest and most cost-effective manner. In terms of the important issue of cost benefits of desalination versus stormwater, the advice I have received is that the cost benefits of different technologies vary on a project-to-project basis. In other words, while recycling might be a good option for one city, it might not work for others. I understand that the situation is the same for desalination and stormwater. (Time expired)

Senator XENOPHON—Mr President, I ask a supplementary question. Does the minister agree that $250 million for rainwater recycling nationally is not adequate given the highly cost-effective potential of stormwater harvesting and the urgency of Adelaide weaning itself off reliance on the Murray River?

Senator FAULKNER—I thank Senator Xenophon for his supplementary question. I can say to Senator Xenophon that Water for the Future has a key focus on securing new water supplies for cities and towns, as I said, in the context of climate change. This of course requires diversifying our water supplies, with stormwater, recycling and desalination all playing an important role.

Senator Fisher—Are you going to wean Adelaide off the Murray?

Senator FAULKNER—I think it is important to note that desalination is the only option that is entirely rainfall independent, as I am sure Senator Fisher would accept.

Senator Fisher—Are you going to wean Adelaide off the Murray?

Senator FAULKNER—in the case of Adelaide in particular, it is clear that recycling, stormwater harvesting and desalination all have a role to play in securing— (Time expired)
Prime Minister

Senator HEFFERNAN (2.44 pm)—My question is to the Leader of the Government in the Senate, Senator Evans. Can the minister confirm that, even before his trip to the UN next week, of his 300 days in office the Prime Minister will have spent 50 days overseas—more than a day a week?

Senator CHRIS EVANS—I can confirm that the Prime Minister has made a number of trips overseas since the election of the Rudd Labor government. I will have to take on notice the number of days he was overseas, but I make it very clear that the government actually thinks it is very important that the PM travel. It thinks that it is very important that, as a new government, the Prime Minister establishes strong relations with nations with which we seriously engage, be it on trade, economic or political matters. It is important that we establish, if you like, a new stance in international affairs, representing the priorities of this government. The Prime Minister has worked very hard at doing that and has engaged in travel which has been to promote Australia’s interests. One of the main comments you hear about it is how hard he works while he does it and what long hours he does in pursuing Australia’s interests.

One of those trips—in fact, the first occasion the Prime Minister went overseas—was to the Bali climate change conference, where he committed Australia to signing the Kyoto protocol. I think Australians were very proud that the Prime Minister took that initiative, that he did go overseas, that he did engage in the great international task of combating climate change, and that we committed to the Kyoto protocol. After years and years of inaction and climate change denial by the former Howard government, the Prime Minister took the lead and went and signed the Kyoto protocol on behalf of Australians. I think Australians were very proud that he did and were very supportive that he did.

The Prime Minister has made a number of trips, as the former Prime Minister, Mr Howard, did. I think in 2005 Mr Howard spent 60-odd days overseas. In 2003 I think he travelled overseas 11 times. Quite frankly, it is perfectly appropriate for prime ministers to travel pursuing the interests of the nation. It is particularly appropriate for a new Prime Minister, with a very different approach to foreign affairs, to travel overseas. Be it his trip to Bali, be it his trip to China, be it his trip to Japan, they have been very important in promoting Australia’s trade interests, promoting improved bilateral arrangements, and promoting a better understanding between our countries. They have had key economic results for us. I have talked about the Kyoto agreement, but his trip to China in April saw, I think, a major unfreezing, if you like, of the bilateral trade negotiations. So they are very important for our economy and very important for business that we encourage trade between ourselves and other countries. I think you will find that the business community and the Australian community more generally support his endeavours to promote Australia and its interests.

Senator HEFFERNAN—Mr President, I ask a supplementary question. Why has the Prime Minister visited Bali, Kuwait, Iraq, United Arab Emirates, Afghanistan, East Timor, Papua New Guinea, the Solomon Islands, the USA, the United Kingdom, China twice, Japan twice, South Korea, Singapore, Belgium and even Romania, but has only visited Western Sydney once, has never been to Booligal and never been to Grong Grong—and, given climate change, when is he going to visit the north, where the potential is?

Government senators interjecting—
The PRESIDENT—Order! Senators on my right, Senator Evans is entitled to be heard in silence.

Senator CHRIS EVANS—The first thing to say, of course, is that most of the claims in the question were wrong: the Prime Minister has visited Western Sydney on a number of occasions and the Prime Minister has also been in the north of Australia on a number of occasions. We had a community cabinet in the north of Australia, as Senator Heffernan well knows. I explained to him why the Prime Minister went to Bali, and I think that was a very good result and well worth the effort. I can also say that the Prime Minister went to Japan after urging by the Liberal Party and the then Leader of the Opposition. So you cannot have it both ways. One moment you urge him to go and then you criticise him for going. You are such a rabble. I would also suggest that attacking the Prime Minister for visiting our troops in Afghanistan and Iraq is a pretty low act.

Digital Economy

Senator MARK BISHOP (2.51 pm)—My question is to the Minister for Broadband, Communications and the Digital Economy, Senator Conroy. Can the minister inform the Senate about the steps that the government is taking to ensure that Australian businesses and individuals realise the full potential of the digital economy?

Senator CONROY—I thank Senator Bishop for that question. The Rudd government recognises the importance of the digital economy in securing Australia’s economic prosperity. Today government, business and society all come together through digital technologies. Digital technologies now shape the nation’s economic, social and cultural exchanges. It is no exaggeration to say that these technologies are just as important as roads, rail, docks or airports for connecting Australians with the rest of the world.

The importance and potential of the digital economy will only grow when the government delivers on the national broadband network, providing minimum speeds of 12 megabits to 98 per cent of Australian homes and businesses. To this end, the government is engaging with industry on how the benefits from our investments in the digital economy, including the NBN, can be maximised. Our engagement with industry has included three workshops in which industry participants outlined their aspirations for Australia’s digital economy over the next five years.

The product of these workshops fed into a digital economy forum I recently chaired that was attended by more than 100 stakeholders, including small to large businesses, industry associations and all levels of government. The forum reached a consensus on the need to develop a road map for the future of the digital economy in Australia. This road map will outline the vision for the digital economy and help guide both government and industry efforts to realise the full potential of the digital economy. This road map—

Opposition senators interjecting—

The PRESIDENT—When people are quiet, we will return to the answer by Senator Conroy.

Senator CONROY—As I was saying, this road map will outline the vision for the digital economy and help guide both government and industry efforts to realise the full potential of the digital economy. This road map will outline how the government will play its role in growing the digital economy in Australia by facilitating access to infrastructure and skills, enabling a safe and secure online environment, removing barriers to economic, social and cultural participation in the digital economy and adopting policies that promote Australian collaboration and innovation online. In order to estab-
lish a baseline for this work, I have commissioned research into international benchmarking of the Australian digital economy on a sector by sector basis.

Opposition senators interjecting—

Senator CONROY—This is like an episode of *Australian Idol*—they just can’t stop auditioning! The digital literacy of Australians, particularly Australian children, was one key issue identified in consultations.

Senator Ian Macdonald interjecting—

Senator CONROY—Don’t worry—you will be voted off the island soon, Senator Macdonald. Australians will only be able to realise the cultural and citizenship opportunities offered by the digital economy if they have the skills to participate in the new medium. Australian businesses will only be able to identify opportunities to utilise these new technologies if they have a basic understanding of the tools of the digital economy. The digital revolution in our schools will go a long way towards ensuring that our children— *(Time expired)*

Opposition senators interjecting—

The PRESIDENT—You are not going to get the call, Senator Bishop, until there is quiet in the chamber—I can assure you of that.

Senator MARK BISHOP—Mr President, I ask a supplementary question—it being Thursday, the last question time of the week. Are there any other government initiatives relevant to the government’s efforts to promote the digital economy?

Senator CONROY—Thank you, Senator Bishop, for the supplementary. As I was just saying, the digital revolution in our schools being encouraged by this government will go a long way to ensuring that our children have the technical skills they need to fully participate in this new and exciting world. But we are looking at further action that the government can take in this area. In addition to digital literacy, there is also a need to address the chronic shortage of professional skills that the previous government allowed to emerge in the ICT sector. We have an absolute crisis in ICT enrolments in this country at the moment, and for 11½ years those opposite did absolutely nothing about it. We have a major pipeline shortage, and this crisis is only going to grow over the next few years because of the indolence of those opposite. *(Time expired)*

Heritage

Senator JOYCE (2.58 pm)—My question is to the Minister representing the Minister for the Environment, Heritage and the Arts, who I believe today is Senator Faulkner. Will the minister indicate whether the Rudd Labor government approves the demolition of a 99-year-old heritage listed building in Cairns to make way for a high-rise development? What does the Rudd Labor government propose to do about this important community issue?

Honourable senators interjecting—

The PRESIDENT—I know it is the end of the week, but ministers are entitled to be heard in silence, as are the questioners.

Senator FAULKNER—I thank Senator Joyce for his question. I assume, though it is not clear from Senator Joyce’s question, that the building he refers to in Cairns is the Cairns Yacht Club—though that was not identified by the senator.

Senator Joyce interjecting—

Senator FAULKNER—I should say, Mr President, that I appreciate the fact that Senator Joyce has acknowledged across the chamber that that is the building he is referring to, and as a result I am happy to provide what information I have had made available to me by the Minister for the Environment,
Heritage and the Arts, Mr Garrett, on this issue.

I can say to Senator Joyce, through you, Mr President, that in this case the Cairns Yacht Club has been assessed twice by the Australian Heritage Council, which concluded that the club does not meet the high threshold of significance necessary for entry into the national heritage list. On the basis of an AHC assessment in 2005, the former minister for the environment, Minister Campbell, who is well known to many senators, refused to enter the club on the national list.

Subsequently, on AHC advice of the absence of national heritage values, another former minister for the environment, Mr Turnbull, who is in the House of Representatives, in 2007 refused full assessment of a precinct containing the club. I am also briefed to inform the Senate that the club has been rejected for entry on the state heritage register. I do know that Mr Garrett recognises the very strong local interest in retaining the club, but the strict provisions of the EPBC Act prevent the entry of any place on the national heritage list that is not of outstanding significance to the nation.

The council’s heritage assessments and the consideration of Mr Garrett’s department of more recent information about the club have apparently, I am advised, shown that the club does not meet this test. In conclusion, I can say to Senator Joyce that Mr Garrett has advised the applicants that, on the available evidence, the club cannot be listed. Mr Garrett, I understand, has suggested to the applicants that they pursue listing by the Queensland heritage authorities.

Senator JOYCE—Mr President, I ask a supplementary question. I appreciate your acknowledgement of how important it is to the people of Cairns that this club be maintained. Does the minister agree that the sentiments displayed by the Minister for the Environment, Heritage and the Arts seem to be at complete odds with other sentiments he has displayed in decisions such as that which protects the heritage values of Nobbys Head lighthouse from neighbouring development and sentiments which are reflected in the words so ably extolled in the Midnight Oil lyrics of Dreamworld?

Government senators interjecting—

The PRESIDENT—Order on my right. Senator Sterle. Senator Sherry. Senator Carr, you might not be seen but I can hear you. Senator Faulkner is entitled to be heard in silence.

Senator FAULKNER—I find it very hard to accept Senator Joyce’s assertions given that I certainly understand that the AHC assessed the place in 2005 and found that it did not have national heritage values. On this basis the minister, former Senator Campbell, rejected the club for entry on the NHL. A subsequent nomination for a precinct including the club was assessed by the AHC as unlikely to have national heritage values and was rejected for inclusion in the AHC annual workplans in 2007 by another former environment minister, Mr Turnbull, who is now the Leader of the Opposition. And it was rejected in 2008, as I understand it, by Mr Garrett. I think that is the record. I have presented it as fairly as I can to the Senate and I ask the Senate to draw its own conclusions.

Senator Chris Evans—Mr President, I ask that further questions be placed on the Notice Paper.

QUESTIONS WITHOUT NOTICE: ADDITIONAL ANSWERS

National Security

Senator CHRIS EVANS (Western Australia—Minister for Immigration and Citizenship) (3.05 pm)—I would like to provide further information to an answer I gave to
Senator Brandis yesterday regarding the terrorism trial and the Attorney-General’s remarks. I am advised that the government has not sought legal advice on this matter.

**Economy**

**Senator CONROY** (Victoria—Minister for Broadband, Communications and the Digital Economy) (3.05 pm)—I would like to add some information in answer to a question that Senator Joyce asked me yesterday. A Treasury official attended the national innovation system review secretariat specifically to support the tax working group. Treasury routinely provides the government with information on the potential impact of tax related policy proposals and this information is not made public until the government determines its policy positions. This is the same position that has been adopted by previous governments.

**Murray-Darling River System**

**Senator FAULKNER** (New South Wales—Special Minister of State and Cabinet Secretary) (3.06 pm)—I wish to incorporate some additional information in response to questions asked by Senator Fisher in question time earlier this week. I seek leave to incorporate the information in *Hansard*.

Leave granted.

*The document read as follows—*

Further information from Senator Faulkner, representing Senator Wong, in response to questions from Senator Fisher, on Tuesday 16 September.

Senator Fisher’s questions went to the relationship between the Commonwealth’s financial support for the NSW Government’s purchase of Toorale, and the decision by the Commonwealth to approve the Victorian Government’s infrastructure project, the Sugarloaf Pipeline subject to a number of environmental conditions.

To clarify, the decisions, while taken separately, both work to support the Government’s objectives in water policy.

The Australian Government’s $12.9 billion Water for the Future plan, is about preparing Australia for a future with less rainfall as a result of climate change. It includes as key objectives improving the health of our rivers and using water more wisely.

We must have a concerted effort across the Basin, in purchasing water from willing sellers and improving infrastructure efficiency.

The purchase of Toorale Station by NSW is in accordance with the principles of buying from willing sellers at market prices. The purchase will be assisted through a substantial grant from the Commonwealth to NSW.

The purchase of Toorale Station will return an average of 20 billion litres of water to the Darling River each year, peaking at up to 80 billion litres in flood years.

Significant environmental assets that will benefit from this purchase include some wetlands of national importance at Menindee Lakes, as well as the Darling River itself. The recent CSIRO Sustainable Yields audit for the Barwon-Darling system also found that the middle zone of the Darling River (Between Bourke and Menindee Lakes) is in poor condition.

Meanwhile, the Sugarloaf Pipeline project is about taking action in the face of drought and climate change.

This pipeline will be used to convey water saved as a result of new irrigation infrastructure; savings that will be distributed between the people of Melbourne, irrigators and the environment.

The conditions of approval ensure there will be no reductions in flows to the environment, and no adverse impacts on matters of National Environmental Significance, including the Lower Lakes.

**Alcopops**

**Senator LUDWIG** (Queensland—Minister for Human Services) (3.06 pm)—I would like to provide some additional information to a question asked yesterday by Senator Fielding in relation to an article in the *Lancet*. The authors also said that the tax change would be ‘part of a battery of strategies to reduce both binge and excessive
drinking’. The authors also said that ‘overall rates of usual or binge drinking in Australia are unlikely to fall due to the small overall market share of spirits’. But they also said that ‘this conclusion does not indicate, however, that the government’s decision was wrong. Going part of the way is not the same as going the wrong way’.

QUESTIONS WITHOUT NOTICE: TAKE NOTE OF ANSWERS

Answers to Questions

Senator COONAN (New South Wales) (3.07 pm)—I move:

That the Senate take note of the answers given by ministers to questions without notice asked today.

In my particular case I refer to the responses by Senator Sherry, who is responsible for the Australian superannuation system. Senator Sherry’s responses show a government that is simply not equipped to understand or to deal with the great global financial challenges in world markets and the impact these will have on Australia. This government of hollow men and women appears blissfully unaware of the dangers to the Australian economy flowing from the events in international capital markets.

Senator Sherry gave a rambling answer to a Dorothy Dixer yesterday from Senator Collins on challenges being faced by the US financial markets. He said in answer to an interjection from me that he would address the exposure of Australian super funds in his answer but he failed to do so—and he failed to answer my question today. In fact, all he could do was to point to the undeniable fact that Australia is in a stronger position than most to weather the storm and that the regulators are working hard and doing what they can to minimise the impact on policyholders. He pointed to the fact that superannuation is a long-term saving. Of course this is true, but it will be cold comfort to all Australians who are on the verge of retirement. Already, figures show superannuation funds lost in the vicinity of 11 per cent in the last few months and obviously more in the last few days due to volatility on the share market.

The impact on superannuation particularly affects those who plan to retire this year or possibly next year. It may require them to stay in the workforce—that is, of course, if they continue to have an available job—or to go on the pension or a part pension. It may require self-funded retirees to resort to going on the pension or a part pension. Heaven help any elderly Australian who has to rely on this government when it comes to the pension. Heaven help them, I say, because this Rudd Labor government will not.

We have all seen on display day after day the contempt that this government has for age pensioners. This is a government, from the Prime Minister down, that sends its ministers out day after day to say that they could not live on the age pension. They freely acknowledge that they could not live on the single pension. Mr Deputy President, when you think about this for a moment, just think of the cheek of this. These are senior ministers who acknowledge how bad it is for age pensioners but who do nothing to fix it. What sort of government, from its senior team down, admits there is a severe financial impact on the capacity of thousands of vulnerable Australians to meet the bare necessities of life and yet does nothing about it?

There has been a massive rise in prices over the past 12 months since the last coalition budget—in fact, a very substantial increase in prices across the board—and, as we have seen, the Rudd Labor government has proven incapable of doing anything to keep a lid on prices, to keep downward pressure on prices. But of course what it can do and what it refuses to do is to help our pensioners with something to tide them over.
My proposition to the Senate and particularly to those opposite is: let’s act now. Let’s give $30 a week to single age pensioners. We can do this right now. It does not prejudice a review, it does not stop us from doing other things. We can act right now, and any decent government should. If you cannot even manage the economy to provide for a decent pension, you certainly cannot manage the broader economy. We are paying the price for having a nervous and incompetent Treasurer, Mr Swan. We are paying the price for a do-nothing government. Business and consumer confidence is plummeting.

The Australian people have been seriously misled. They have elected a government that has no confidence in Australia’s economy nor the experience to manage it, and certainly no compassion for age pensioners. What we have are endless focus group slogans and ultimately a government that will stand guilty of doing nothing, not having leadership and having no ideas on how to manage the economy at a time of peril. (Time expired)

Senator HURLEY (South Australia) (3.12 pm)—Once again I should say how wonderful it is that the coalition have discovered that there are people in their electorates who are finding it very difficult to make ends meet. I should remind coalition senators that a central plank of the Labor campaign in the last election was that the Howard government was out of touch, that they did not recognise the difficulties people were having in making ends meet—that people were doing it tough and that prices were rising.

We campaigned on the idea that the Howard government was out of touch, that they did not recognise that fundamental fact, and I think the election result showed that the Australian people agreed with us that the Howard government was out of touch and was not aware of what was going on around the kitchen table. And now, having been in opposition for a few months, the coalition are starting to become aware that that was one of the root causes of their downfall. I presume they are trying to rectify that position by calling for this $30 a week pension rise, ignoring the very complexities of existence for pensioners who, if they got a rise in their base pension, would have all kinds of difficulties and might not get the full benefit of that pension because of rate rises in the housing commission properties or whatever.

We have seen the coalition do their usual knee-jerk reaction and propose something without thinking through the consequences, without thinking about how that is really going to be implemented in the real world, because they are still not really part of the real world. They just want to put forward a stunt that sounds good, that will make them look good and that may cause that tiny increase in the polls they so much need at the moment. They accuse the Rudd government of being poll driven and yet they pull a stunt like this, the $30 a week, which we have yet to see in this chamber or the other chamber. It was an ill-thought-out stunt that was not possible to do in the other place, so now they have proposed to bring in a bill in the Senate but have not yet been able to do it and have not shown the kind of follow-through that the stunt really does not deserve in the first place.

Senator Coonan came into this place and accused the Rudd government of being a do-nothing government, which is breathtaking. It is really hard to sit here and hear this when the coalition was in government for nearly 12 years and did nothing about the base rates of pensions. The Rudd government has been in power for less than a year and they ask the Rudd government, before a proper policy and implementation review is finished, to rush in and do something which may have unintended consequences. The fundamental
The fact arising out of this is that in order to bring about any kind of increase for pensioners the Rudd government needs the budget to do it. One by one, members of the coalition have voted against the very budget measures that would give us the kind of surplus that would allow us to do something significant for pensioners and they have refused to budge from that position. They have refused to acknowledge the irresponsibility of their actions in voting against those budget measures. You cannot call on the Rudd government to spend large amounts—millions and billions of dollars—if you do not give the government the revenue capacity to implement that.

In this chamber, time after time, day after day, we see the coalition voting against the very measures that would enable the Rudd government to give a substantial increase in pensions which is needed not only for single age pensioners but also for a range of other people on government allowances and benefits. We are looking across the sector to implement something that will have a long-lasting, long-term, good result which will be effective and important for pensioners. (Time expired)

Senator WILLIAMS (New South Wales) (3.17 pm)—As you are well aware, Mr Deputy President, I am very new to this chamber and it is a learning experience. I look at questions today and the good question asked by my friend Senator Coonan in relation to the effect on our superannuation funds of these serious problems in world financial markets—brought about because of ridiculous lending by those in the housing markets et cetera in the United States lending up to 110 or 120 per cent equity. Now the fallout is on, and we must ask the question, ‘Whatever happened to regulation and financial institutions?’ We went through all this in the late eighties and early nineties when the ridiculous lending was on and the big fallout came with high interest rates, people going broke and people losing their jobs.

I remember it well under the then so-called world’s greatest treasurer, Treasurer Keating, who then became Prime Minister. I mentioned last Monday in my maiden speech to this parliament the 25.25 per cent interest rate I was billed. I have a little chuckle when many in the house refer to interest rates going up and how we have had eight interest rate rises in the last four years or so of a quarter of a per cent each time, making a total of two per cent. If my memory serves me right—and I have not checked the facts—I recall that in about November 1987 we had a two per cent interest rate rise in one day. I must check it. I am pretty sure I am right.

To get on to the management of the economy and where we are heading, there is no question that the economy is slowing. I live in rural Australia and we have had seven years of drought. Hopefully the rain that has come along in the last few weeks will continue and we will see some returns to some good incomes into those rural communities, which is desperately needed. But the point I make is the economy is slowing, and we saw it just a couple of weeks ago in the reduction in interest rates. Yet the government consistently want to keep a firm handle on this fiscal policy, their budget policy. That will only cause more harm. There are reasons why they should not hold that break so tight, because we run the risk of the economy slowing too much, and we have already seen the forecasts in the budget of higher unemployment, people losing their jobs and people losing their livelihoods.

How we are going is a worry for the future, and then we get on to the talk of pensions. I was doing some figures the other day. If we were to give an immediate $300 catch-up payment to our pensioners and carers, I believe the figure would be about $840
million. If it were to come along with that $30 a week rise for our single pensions, you would have a total expenditure of around $2 billion. That would do a lot of good promoting some economic activity, especially in the country and coastal areas where things are very slow. It is quite alarming when I get emails from people just in Canberra saying, ‘What is happening to our economy?’ They are losing confidence, their businesses are quietening and the fact that they are losing sales is putting people off. I say this in all seriousness: there are tough times coming and the government must address these issues. If it means spending a little of their surplus I support that, especially in rural communities where we have had tough times for seven years with drought.

Prior to that, in the late eighties and early nineties, we were paying huge interest rates—many businesses were paying in excess of 20 per cent. When the good government came along in 1996 and took the budget to where it is supposed to be—into surplus—and interest rates went down, we unfortunately had times of drought, such as in 1994. Then in 2002 we had the crash of the wool market. That is why rural communities have not recovered anywhere nearly as much during those low interest rate times of the good previous government and hence things are still tight today. So I encourage the government to show some compassion and look at what is actually happening in our economy. There is no need to tell us, as Senator Evans did today, that they ‘built a strong surplus’. They inherited a strong surplus. It was the previous government that built the strong surplus. These people with a chequebook in government can now show some compassion and look after the elderly, who have done so much for our nation, and give them a payout to help them through these tough times. (Time expired)

Senator JACINTA COLLINS (Victoria) (3.22 pm)—Senator Williams made some very good points in his first take note speech in this chamber. The first is to remind us of the tough times that are ahead for us, and the second is to invite us to show compassion to people who are finding it very tough living on pensions. But, in reflecting on those two issues, I have to correct the record. I have to address some of the comments that Senator Coonan made in her contribution today because they are simply not true. She suggests that the Rudd government has done nothing in this area. I invite anyone to look back at the budget and at the $900 increase that was delivered through the budget for people suffering in these times and under circumstances related to the pension. As has been indicated on several occasions, the utilities allowance was increased to $500 and the $500 bonus was paid through those measures. So when Senator Coonan says, ‘Heaven help age pensioners,’ we should reflect on how those initiatives compare with what occurred under the Howard government.

One would believe from a lot of the rhetoric coming from the other side that the Howard government have a reasonably responsible history in this area. This is clearly not the case. I will come in a moment to their backflips and stunts in recent months in this area, but let us look at the period of the 12 years of the Howard government—the Howard government that introduced the GST and had to be drawn kicking and fighting to a one per cent increase in base pension arrangements as compensation for the GST. So, yes, pensioners are doing it tough and, yes, their plight is related to current economic circumstances, but it is also related to a 12-year period of neglect under the Howard government.

This brings me now to recent stunts—and I think that is really the only way to describe the way the opposition’s leadership has dealt
with this issue in recent months. Back in May we had the shadow minister, Margaret May, suggest that a base increase in the pension would occur. We then had the leader, Brendan Nelson, immediately deny that that was opposition policy.

Senator Sterle—A flip-flop.

Senator JACINTA COLLINS—An immediate flip-flop, Senator Sterle. And yet, several months later, we do have it as policy. I wonder what we will have tomorrow when Mr Turnbull, the new leader, decides what he is going to do in this area. What I worry about in the interim, though, is the quality of the opposition in comprehending the complex issues that are involved here. If we have, as we did yesterday, the spokesperson in this chamber, Senator Bernardi, addressing the issue, you would think that all it related to was parliamentary catering. You see no substance in what he offers this chamber or indeed what the opposition generally is offering to this debate—no substance but a very simplistic stunt to suggest that a $30 increase would be appropriate. Well, we know from the pensioners that a $30 increase is often going to be almost immediately absorbed into the other arrangements that apply to their circumstances—pensioners in nursing homes, for example, pensioners in public housing. Most of these increases will simply be absorbed into other arrangements. This opposition seems to not understand anything about effective marginal tax rates. Certainly Senator Bernardi in his contribution yesterday, again referring to this pensions issue, offered no viable alternative.

More worrying than that, if you look at all the questions asked today, they do not seem to be able to grapple with any of the serious issues. Senator Coonan sensibly referred again to the consequences for people’s superannuation arrangements with the economic crisis that is developing, and that was a significant question today. We had the question about the pensions stunt, and we had an important question about delivering hospital services and beds and difficulties associated with state and federal government arrangements in delivering some of these services. We had another stunt question about the Prime Minister’s travel, and we had a question about Cairns building demolition. But there was no question of any substantive nature about what would deliver genuine benefits to people on pensions. Nothing of any substantive nature came forward from the opposition other than the stunt about a $30 increase, which anyone who has been informed of the policy debate in this area for longer than half an hour understands is just a stunt. (Time expired)

Senator ADAMS (Western Australia) (3.28 pm)—I rise to take note of the answer given by Senator Sherry this afternoon. This week Australian shares have tumbled following Wall Street’s worst day since the September 11 attacks, after Lehman Brothers filed for bankruptcy and the insurer American International Group revealed it was struggling to survive. The stock market was not well off before this due to the global credit crisis. Australia’s listed funds management industry has suffered its worst half-year performance for two decades. Now, with the downfall of Lehman, the industry faces even further problems for 2008-09 as asset markets remain volatile. Listed fund managers suffered an average fall in funds under management of 14 per cent in the first half of the calendar year 2008. In the industry as a whole $75 billion in funds under management was withdrawn, resulting in a 5.4 per cent fall in the $1.1 trillion superannuation fund. These figures come from a report by Merrill Lynch published last Friday, 12 September. The analysts say that the lower discretionary superannuation contributions, the move by investors to cash and
stronger relative growth in the do-it-yourself superannuation funds also weakened fund flows.

These figures worry many Australians investing in the superannuation funds. They fear that their return will not last to enable them to live their lives as self-funded retirees. This fear is not without reason as the Rudd government fails to outline how to react to this difficult situation. Senator Sherry demonstrated this lack of policy idea very well during question time today when asked about the government modelling of superannuation funds with this big loss. The aim of superannuation is to reduce reliance on the age pension by making super the preferred method of retirement income. With the fading trust in superannuation, the Rudd government risks putting even more pressure on the age pension. Delaying the decision on providing seniors with more financial assistance until the review of pensions and carers payments is finalised in February next year does not help. We already have one generation which has not had the opportunity to invest in superannuation. We cannot risk having even more people relying on the age pension. The Rudd government may hope that the issue of the age pension will just go away. However, despite the rising proportion of self-funded retirees, the issue is not going away.

The Howard government’s 2007 Intergenerational report projected that the government’s spending on the age pension will rise by 1.9 per cent as a share of the national economy during the next 40 years. Even though the proportion of people of eligible age receiving the full pension will decline from 55 per cent to 35 per cent, the number of those eligible will double as a share of the total population. The net effect is a much higher bill to the taxpayer of a 1.9 per cent increase in the average tax rate. The answer is not to further squeeze age pensioners but to fix the retirement income system to improve both work incentives and fairness and to reduce the future cost to the government’s budget. Prime Minister Kevin Rudd said that living on the single age pension is very tough, yet he expects over 850,000 older Australians to keep doing it tough because he is too much of a bureaucrat to make a decision. Mr Rudd keeps saying that Labor assisted older Australians in the budget by paying a one-off bonus. This is the bonus that Mr Rudd was going to scrap before the coalition and the groups of pensioners put considerable pressure on him to continue with it. Imagine the position older Australians would find themselves in today if the bonus had been scrapped, as Mr Rudd intended.

Mr Rudd went to the election last year promising to ease the cost of living pressures for all Australians and this year Mr Rudd promised those on pensions would not be worse off under a Rudd government. If the Rudd government were serious about helping out people on single age pensions, they could fix this now. They are in government and they have the power to make a change. I would ask that they get on and make the change. My question also today to Minister Evans was: how many of the Labor Party backbenchers were asking that pensioners be given a one-off $30 rise to help their pensions? (Time expired)

Senator XENOPHON (South Australia) (3.33 pm) — I refer to Senator Faulkner’s answers to my questions relating to stormwater harvesting. The issue of stormwater harvesting is vital to supplying the future water needs of Adelaide. As we all know, the Murray-Darling crisis is arguably the greatest environmental challenge this nation has ever faced. The Coorong, an internationally listed environmental site, is being choked. The Lower Lakes, the lungs of the Murray, are gasping their last breath. This once great river, a lifeline to so many communities, is
dying. It has been estimated that by 2020 Adelaide’s drinking water will exceed WHO guidelines for salinity on two days out of five if nothing is done to control salinity in the River Murray.

Currently, in an average year, the City of Adelaide depends on the River Murray for approximately 80 gigalitres of water. By contrast, the combined stormwater discharge of the Adelaide metropolitan area is approximately 80 gigalitres of the 170 gigalitres that are released into the ocean each year. I believe that this provides considerable opportunity for the use of stormwater, through aquifer storage and recovery technology, ASR, to relieve the demand for water from other sources. While the South Australian government is proposing a desalination plant that will produce 50 gigalitres a year at a cost of around $1.1 billion—and I note that there is a significant Commonwealth contribution for that—I believe that stormwater recycling will result in much greater gains for about a quarter of the cost. I do not suggest in any way that we should not have a desalination plant—I agree with Senator Faulkner that it is important to have that as a backup—but why aren’t we pursuing something that is as cost effective, as energy effective, as stormwater recycling? In that regard, I acknowledge the long-term support of the Greens with their advocacy for stormwater recycling.

The challenge, Mr Deputy President, is leadership. What Adelaide requires is leadership from the federal government to provide funding through local-state-federal government partnerships to develop a whole-of-Adelaide approach to stormwater recycling. I note that there are already two initiatives, started by the Howard government and continued by the current government, that are contributing to stormwater recycling in Adelaide. Senator Faulkner noted that the Waterproofing Northern Adelaide project, at a cost of $38 million, will be recycling 18 gigalitres of stormwater per annum by 2010. Meanwhile the Waterproofing Southern Adelaide project, at a cost of around $10 million, is similarly making contributions to stormwater recycling in and around the Onkaparinga River. However, there are so many more opportunities that need to be embraced through a joint local-state-federal government process. In the City of Marion, by using the airport site, a further 16 gigalitres of stormwater could be harvested. In the City of Wakefield, around the Gawler River, a further 20 gigalitres of water could be captured, recycled and injected into aquifers to offset the use of Murray water in the northern Adelaide plains.

In addition, there are numerous smaller projects in the range of one to two gigalitres, including along Port Road and the Cheltenham racecourse in the City of Sturt, that could be made possible if leadership were provided, funding made available, and an integrated strategy developed. And can I say about the Cheltenham racecourse site that I fundamentally disagree with the state government’s approach of using that area for housing when it could be used for recycling stormwater. With these opportunities in mind, I believe it is vital for the government to take steps to develop such joint initiatives for stormwater harvesting across the whole of Adelaide. It is this belief that was behind my question without notice and, while I thank the minister for his answer, I believe that much more can be done. We need federal leadership in stormwater harvesting just as we need federal leadership in saving the Murray. If we leave it just to the states, we see responses like the one from the Victorian government to the Murray crisis, which is to build a north-south pipeline that will take out a further 110 gigalitres of water and divert it to the City of Melbourne. Many would say
that that is an act of environmental vandalism.

Alternatively we see state governments trying to spend big on energy-hungry projects such as desalination instead of harvesting what already runs down our streets. Metropolitan Adelaide and its plains have many sites with the unique alignment of watercourses to source water, aquifers to recharge and an ocean to discharge. It is the ideal site for strategic stormwater harvesting. In fact, Colin Pitman of the Salisbury council is acknowledged as a world leader. He is a hero when it comes to doing the right thing by harvesting our stormwater and we need to take heed of what he is doing and to expand that substantially. It is my hope that in the future the government will have made more progress in relation to the urgent need for funding and leadership for stormwater harvesting and, as a consequence, the minister’s answers will provide more hope for the River Murray and for the citizens of Adelaide.

Question agreed to.

MINISTERIAL STATEMENTS

Dementia Awareness Week

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (3.38 pm)—I table a ministerial statement relating to Dementia Awareness Week.

COMMITTEES

Foreign Affairs, Defence and Trade Committee: Joint Report: Government Response

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (3.38 pm)—I present the government’s response to the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade on its inquiry into Australia’s trade with Mexico and the region, and seek leave to have the document incorporated in Hansard.

Leave granted.

The document read as follows—

Australian Government Response to Report No 138

Inquiry into Australia’s Trade with Mexico and the Region

by the Joint Standing Committee on Foreign Affairs, Defence and Trade September 2007

Recommendation 1

The Committee recommends that the Australian Government, through the Department of Education, Science and Training, reactivate scientific and technological cooperation with Mexico.

The Department of Innovation, Industry, Science and Research (DIISR), formerly the Department of Education, Science and Training (DEST) proposes to make some funding available for an initial activity with Mexico to test the level of interest from Australian science stakeholders in bringing the science and technology relationship to a more active level and will work with the Embassy of Mexico and the Australian Embassy in Mexico City to progress this as a first step. CSIRO’s on-going work on weed biocontrol at its field station in Veracruz on the Gulf of Mexico is also relevant in this context.

By way of background, the former Department of Education, Science and Training recently undertook a review of its strategy for supporting Australia’s engagement with the global science community to consider which countries and research areas would be expected to make the greatest contributions to a high quality science system and present broader social, environmental and economic benefits to Australia.

The review, which involved extensive consultation with the Australian science community, found benefit in concentrating our efforts on two groups of countries: the current science leaders, who are making substantial investment in science and have well established research strengths in fields of particular benefit to Australia; and countries that are emerging as the scientific leaders of tomorrow.
From 2008, funding support for international collaborative projects through the Competitive Grants element of the Department of Innovation, Industry, Science and Research (DIISR) International Science Linkages programme will focus on a number of countries from these two groups, in specified areas of research, but Mexico currently does not fit into either of these categories.

While collaborations with Mexico are not able to access funding support under Competitive Grants in 2008, DIISR values its S&T relationship with Mexico and will continue to support the relationship at the intergovernmental level. In addition the Australian Embassy in Mexico will continue to encourage further ad hoc scientific cooperation at the individual and institutional levels. Scientific cooperation in the multilateral context on issues ranging from whaling to climate change is also set to increase with Mexico.

Recommendation 2
The Committee recommends that DFAT review the viability of FEALAC and, if it is determined to be viable, ensure a greater effort is made to fulfil its potential.

The Forum for East Asia-Latin America Cooperation (FEALAC) was formed in 1998. Singapore and Chile were the architects of the proposal to form this group. FEALAC held its first Foreign Ministers’ meeting in Santiago in March 2001. The third meeting of Foreign Ministers was held in Brasilia in August 2007. Australia, for the purposes of this regional group, is an East Asian member of FEALAC. All the East Asian members of FEALAC (ASEAN member states, China, Japan, Korea, Australia and New Zealand) are APEC members, but only three Latin American countries (Mexico, Peru and Chile) are members of APEC. APEC is a more established regional forum. FEALAC, however, currently provides a forum in which Australia has the opportunity to engage a wider range of Latin American countries, including the countries of Central America, complementing the bilateral linkages Australia has with those countries.

FEALAC has been slow to develop momentum as a regional group, reflecting in part the higher importance many members give to other established forums such as APEC, and the diverse interests and disparate membership evident in the Forum.

Nevertheless it was clear from the discussion and outcomes of the Third FEALAC Foreign Ministers’ meeting in Brazil that the Forum’s members see potential in this regional grouping and will continue to support it. Japan and Argentina have taken over as the new regional co-ordinators of the Forum and Japan will host the next meeting of FEALAC Foreign Ministers at a date to be determined. Korea and Ecuador are the new co-chairs of FEALAC’s Working Group on Economy and Society. Indonesia and Colombia are the co-chairs of the Political, Cultural and Education Working Group and New Zealand and Panama are the new co-chairs of the Working Group on Science and Technology.

In a welcome development, Brazil, in hosting the August 2007 Foreign Ministers’ meeting, encouraged FEALAC members to give greater priority to strengthening business and commercial links between East Asia and Latin America. Business and academic seminars were held in conjunction with the Ministerial meetings. Australia was represented at the business seminar by a senior executive from Pacific Hydro.

FEALAC’s future and its ongoing viability will depend to a significant extent on the priority and resources member states give to the Forum. The Australian Government will continue to engage with the Forum as resources and opportunities permit. Since the August 2007 Ministerial meeting, Australia has hosted a visit by two Latin American journalists under a FEALAC media visitors program, and has co-sponsored a seminar for FEALAC members in Indonesia on the counter-terrorism lessons learned following the establishment of the Jakarta Centre for Law Enforcement Cooperation (JCLEC).

Recommendation 3
The Committee recommends that the Australian Government initiate or continue ministerial discussions with officials of Mexico and the region to address technical market access issues.

The Australian Government will continue to work with Mexico and other Central American countries to reduce technical market access barriers
affecting Australian agricultural exports, and will take the opportunity, as circumstances permit, to continue such representations at Ministerial level. At officials’ level, the main focus of the work in the region by the Australian Quarantine and Inspection Service (AQIS) has been on negotiating arrangements with countries such as Costa Rica, Panama and El Salvador on dairy export plant inspections.

Currently, most Central American countries require on-site visits by their inspectors to list export establishments for export of animal products, including dairy products, to their market. The listing is usually valid only for a period of 2 to 3 years. Inspections by foreign officials are expensive and time consuming and the costs of such inspections have to be met by the participating Australian dairy export registered establishments.

AQIS has made representations to the competent authorities of Panama, Costa Rica and El Salvador seeking a system recognition or equivalence arrangement to remove the need for on-site inspections by providing relevant assurances about the safety of Australia’s products through Australia’s export inspection and certification systems.

Costa Rican authorities recently agreed to extend the validity of listings without conducting an on-site inspection after the previous approval expired in June 2007. The extension was granted after AQIS completed a submission on Australia’s export inspection and certification system. Costa Rican authorities have undertaken to carry out an equivalency assessment of Australia’s export inspection and certification system and will use the AQIS submission to form the basis of their assessment.

In terms of ministerial representations, the Australian Government considers any ministerial representations on these issues would be more appropriately directed to ministerial counterparts rather than officials.

**Recommendation 4**

The Committee recommends that more resources be provided to Australian Government representatives in Mexico for promotional activities such as trade fairs and exhibitions to capitalise on the strong interest in Australian products.

Austrade Mexico City covers Mexico, Central America and the Caribbean. The post’s primary focus has traditionally been on Mexico, with a population of over 104 million. Mexico is Australia’s largest trading partner in Latin America with two-way merchandise trade worth $1.8 billion in 2007. Austrade’s post in Mexico City currently manages this market with six permanent staff, which comprises one Australian Trade Commissioner and five local staff. Key events facilitated by the post include Expomin in Veracruz and the Australia Festival (which will be known as Expoaustralia from 2008) in Mexico City. These promotional activities are critical in raising awareness of Australian capability, particularly in niche areas such as mining, food and beverage and services (including franchising). The allocation and location of resources in Mexico is reviewed regularly by Austrade and options exist for quickly increasing capacity to manage growth in opportunities at the point this becomes necessary. These options include the appointment of trade consultants and/or out posted representatives.

The Department of Education, Employment and Workplace Relations (DEEWR), through Australian Education International (AEI), undertakes a number of key promotional and marketing activities in Mexico, most notably the Latin America Study in Australia Exhibition. In September 2007, for the third consecutive year, the Study in Australia Exhibition included a series of promotional events and activities in Brazil, Chile, Colombia and, for the first time, in Peru and Mexico. In Mexico, the events were held in Monterrey and Mexico City, attracting over 2000 local visitors and participation by 24 Australian education and training institutions from the higher education, vocational education and training, English language and schools sectors. AEI will participate in Expoaustralia in 2008. To manage its promotional and marketing activities in Mexico, AEI employs a locally-engaged manager based in the Australian Embassy in Mexico City, on an ongoing, full-time basis. Based on the current level of engagement, AEI has adequate resources to support its promotional activities in Mexico.
Recommendation 5
The Committee recommends that the Australian Government move forward with a high quality comprehensive FTA with Mexico. In any negotiations, issues relating to agriculture should be determined at an early stage.

The Government’s focus in trade negotiations is to bring the Doha round of multilateral trade negotiations to a successful conclusion. The Government sees a role for FTAs provided they are consistent with the goal of strengthening the WTO multilateral trade system.

The Minister for Trade has commissioned an assessment of Australia’s approach to FTAs as part of the current Review of Export Policies and Programs that was launched on 21 February 2008. This FTA research will also include recommendations to the Minister on ways in which future FTAs can strengthen the WTO system and on benchmarks and/or criteria that the Government might apply when considering possible FTAs in the future. The Review is expected to report to the Minister by 31 August 2008 and the Minister will make a determination at that time on implementation of the recommendations in the review report.

As the Committee noted in its report, Australia and Mexico have formed a Joint Experts Group (JEG) to examine all aspects of the Australia-Mexico bilateral economic relationship. The JEG met twice in 2007, and is well advanced in preparing a report for consideration by both governments. The report will identify a range of activities to enhance the bilateral economic and trade relationship, including the possibility of negotiating an FTA with Mexico in the future.

A high quality, comprehensive and WTO-plus FTA with Mexico has the potential to expand trade and investment and deliver economic benefits to both countries. Mexico would seem to be a good prospective partner for a bilateral FTA, especially given that it maintains relatively high tariffs for those countries with which it does not have an FTA. The fact that both Australia and Mexico have FTAs with the United States suggests that there should be significant common ground. But the Australian Government is aware of sensitivities surrounding FTAs in Mexico, especially in the agriculture sector. Australia’s horticulture industry has also expressed concern about the possible negotiation of an FTA with Mexico.

Improved market access to Mexico for Australian agricultural and related products would not necessarily be at the expense of Mexican producers—an FTA would potentially increase Australia’s share of the import market in particular, not necessarily the market as a whole. Australia’s share of the Mexican market in a range of products has declined, as other exporters enjoying preferential tariff and other treatment have improved their share of the market for imported products in Mexico. In other words, improved market conditions through a comprehensive bilateral FTA could be expected to allow Australian exporters to compete in the market on the same basis as most of their competitors.

As part of its broader efforts to build support for enhanced bilateral economic and trade links between the two countries, the Government will continue to examine the details of a potential FTA with Mexico through the JEG. However, any move to commence negotiations with Mexico would require further analysis and consultation with interested parties in both countries. Any decision on future negotiations would also need to take account of the fact that Australia’s negotiating resources are currently heavily occupied with five concurrent FTA negotiations, specifically with ASEAN (jointly with NZ), China, Japan, Malaysia, and the countries of the Gulf Cooperation Council (GCC).

Selection of Bills Committee
Report
Senator STERLE (Western Australia) (3.38 pm)—by leave—On behalf of Senator McEwen, I present the 11th report for 2008 of the Selection of Bills Committee.

Ordered that the report be adopted.

Senator STERLE—I seek leave to have the report incorporated in Hansard.

Leave granted.

The report read as follows—
SELECTION OF BILLS COMMITTEE  
Report No. 11 of 2008

(1) The committee met in private session on Thursday, 18 September 2008 at 12.40 pm.

(2) The committee resolved to recommend—
That the provisions of the Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further 2008 Budget and Other Measures) Bill 2008 be referred immediately to the Community Affairs Committee for inquiry and report by 10 November 2008 (see appendix 1 for a statement of reasons for referral).

(3) The committee resolved to recommend—
That the following bills not be referred to committees:
- Defence Amendment (Parliamentary Approval of Overseas Service) Bill 2008 [No. 2]
- Emergency Assistance Fund for the Lower Lakes and Coorong Region of South Australia Bill 2008 [No. 2]
- International Tax Agreements Amendment Bill (No. 2) 2008
- Plastic Bag Levy (Assessment and Collection) Bill 2002 [2008]
The committee recommends accordingly.

(4) The committee deferred consideration of the following bills to its next meeting:
- Archives Amendment Bill 2008
- Australian Organ and Tissue Donation and Transplantation Authority Bill 2008
- Broadcasting Legislation Amendment (Digital Radio) Bill 2008

(Apple McEwen)  
Acting Chair  
18 September 2008

APPENDIX I
Proposal to refer a bill to a committee  
Name of bill:  
Families, Housing, Community Services and Indigenous Affairs and Other Legislation Amendment (Further 2008 Budget and Other Measures) Bill 2008  
Reasons for referral/principal issues for consideration:  
The effect of changes to Child Support legislation. The new Child Support legislation has been in operation since 1 July 2008. The Bill identifies a number of areas to address anomalies. The changes to child support legislation were significant and have affected many parents.

Possible submissions or evidence from:  
Community Welfare organisations
National Council of Single Mothers and their Children

Committee to which bill is to be referred:  
Community Affairs

Possible hearing date(s):  
Possible reporting date: 10 November 2008  
(signed) Senator Rachel Siewert  
Whip / Selection of Bills Committee member

GREAT BARRIER REEF MARINE PARK AND OTHER LEGISLATION AMENDMENT BILL 2008  
Report of Environment, Communications and the Arts Committee  

Senator PARRY (Tasmania) (3.40 pm)—by leave—At the request of Senator Joyce I table additional comments relating to the report of the Environment, Communications and the Arts Committee on the Great Barrier Reef Marine Park and Other Legislation Amendment Bill 2008.
COMMITTEES
Rural and Regional Affairs and Transport Committee
Membership

The DEPUTY PRESIDENT—The President has received a letter from a party leader seeking to vary the membership of a committee.

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (3.40 pm)—by leave—I move:

That senators be discharged from and appointed to the Rural and Regional Affairs and Transport Committee as follows:

Substitute member: Senator Siewert to replace Senator Milne for the committee’s inquiry into natural resource management and conservation challenges

Participating member: Senator Milne.

Question agreed to.

Procedure Committee Report
Debate resumed.

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (3.41 pm)—I move:

Omit “standing order 72 be amended by omitting paragraph (2) and that this amendment operate as a temporary order with effect to the end of 2008”, substitute “the amendment to standing order 72(2) contained in attachment 3 of the report be referred to the Procedure Committee for further inquiry and report”.

The DEPUTY PRESIDENT—The question is that the amendment to the amendment be agreed to.

Question agreed to.

The DEPUTY PRESIDENT—The question now is that the amendment, as amended, be agreed to.

Question agreed to.

ECONOMY

Senator FIFIELD (Victoria) (3.43 pm)—I move:

That the Senate condemns the Rudd Government for its reckless management of the Australian economy in a time of global economic challenge, including:

(a) the Government’s irresponsibility in talking down the Australian economy;

(b) the massive collapse in consumer and business confidence since the election of the Rudd Government;

(c) the delivery of a budget that forecasts an increase in unemployment;

(d) the Government’s raising of inflationary expectations and failure to honour its promise to address cost of living pressures; and

(e) the absence of a coherent economic strategy and a focus on presentation rather than policy.

There is no doubt that Australia is experiencing challenging economic times. There is significant instability in world financial markets and, in particular, we are experiencing flow-on effects from historically high world oil prices and a credit crisis in the United States. In the case of the United States we have seen the subprime mortgage crisis and the ensuing trouble experienced by large corporate players including Bear Stearns, Fannie Mae, Freddie Mac and, more recently, Lehman Brothers and AIG. We do have an inflation challenge although not the crisis of which the government tried to convince the Australian people. We have a predicted rise in unemployment and we have seen a collapse in confidence of Australian businesses and consumers.
Despite all this, however, Australia’s economy is fundamentally strong. We do have the capacity to withstand these global pressures and to continue growing our economy and building our prosperity. We have done so before and we can do so again. But we will only be able to meet these challenges with strong leadership, a clear plan and careful economic management. The coalition knows this well.

Labor say that the economic slowdown is all due to events outside their control, yet the coalition managed to maintain a strong and growing economy in the face of a number of enormous external challenges: the Asian financial meltdown, SARS, September 11, not to mention an inherited $96 billion debt and a budget deficit, which brought its own challenges. On this side of the chamber we know how to meet economic challenges because we overcame them. We know how to plan and implement a successful economic strategy because we have done so before. We know what it takes to engage in careful, responsible economic management because we have always done so. The coalition’s approach to the economy has always been one that puts Australia’s interests ahead of any other consideration.

Putting Australia first also means taking tough decisions and doing the right thing rather than the popular thing—decisions that are nevertheless in the national interest and for the long-term benefit of the nation. When the coalition was in office we had an economic strategy with clear objectives and we set about meeting them. The first element of any strategy is knowing where you want to go. We wanted a strong and growing economy; an economy in which anyone who wanted a job could get one; an economy that encouraged wealth creation so that all Australians could share in our prosperity; an economy with strong public and private investment; and an economy with a national government free of debt and positioned to meet the challenges of the present and the future.

But knowing where you want to go is one thing. Getting there is an entirely different matter, especially when you find that your starting point is much farther from the finish than you originally anticipated. The coalition certainly found this out when we came to office in 1996. Labor told us that the budget was in surplus, but the budget surplus was not as big as Labor said it would be. In fact, it was not in surplus at all; it was in deficit to the tune of 1.5 per cent of GDP. That is about $16 billion in today’s terms. Through hard work, discipline, tough decisions and responsible management the coalition implemented the economic strategy it had mapped out. This was done in the face of opportunistic Labor opposition.

In the face of that we repaid Labor’s debt, we reformed the tax system, we put a stop to Labor’s deficits and we delivered 10 budget surpluses. We took Australia to a position where our economy was the envy of the developed world; it was described by the Economist as ‘the wonder down under’. I have pointed to the coalition’s economic record in the first instance because we on this side of the chamber are very proud of it. Labor have tried to engage in a dishonest rewriting of economic history in a failed attempt to trash the coalition’s economic credentials. But they will not succeed. The weight of evidence and the facts of history are on our side. They disprove Labor’s claims. But the coalition’s strong economic record is also relevant because it underpins the strength of the budget and the economy, and it provides a stark contrast with the reckless approach to economic mismanagement and the incompetence displayed by the Rudd government.
Let us look at what this government has done. When the Rudd government was elected, they inherited from the coalition an economy in great shape: no net government debt, a Future Fund with savings from surpluses, record low unemployment, inflation at manageable levels and interest rates that were lower than at any time under the previous Labor government. I recently asked my good friend and sparring partner Senator Arbib to nominate which economy he would have preferred to inherit: the one the coalition inherited in 1996 or the one that Labor inherited in 2007. Senator Arbib declined to answer. And no wonder. The coalition handed Labor an economy in top shape with strong fundamentals thanks to more than a decade of careful management and reform.

So, what did Labor do? With the post-1996 election period in the back of their minds they desperately wanted a crisis where there was not one. So they invented one of their own. Labor chose to invent the notion of an inflation crisis. We are very used to Labor’s posturing and we are very used to them being misleading. But Labor need to recognise that they are now actually responsible for the Australian economy. They cannot blame the former government any more. They are in charge. More importantly, now that they are a government in office, what they say and what they do actually does matter; it makes a difference to the Australian economy, for good or for bad. That is why Mr Swan’s comment that ‘the inflation genie is out of the bottle’ was so reckless and so irresponsible. It stoked inflationary expectations, which in turn feed into actual real inflation.

But it is not only inflationary expectations that are on the increase, thanks to Mr Swan. On the subject of the margin between the official cash rate and the mortgage rates of the domestic banks, Mr Swan demonstrated how absolutely and totally out of his depth he is in the Treasury portfolio with his reaction to the flurry of domestic banks’ interest rate increases earlier in the year. Mr Swan gave the green light to the banks not only to increase their rates over and above RBA movements but to do so separately from RBA announcements. When the Treasurer stoked inflationary expectations with his reckless ‘genie’ remark, he egged the Reserve Bank on to increase interest rates. And with his clumsy rhetoric in response to the banks he effectively egged the domestic banks on to raise their interest rates as well. That was a double whammy for Australians with mortgages from this nervous and incompetent Treasurer.

Labor say they want to fight inflation, yet they are setting about increasing a range of taxes. There is the increase in the luxury car tax. There is the tax grab on alcopops, a tax grab dressed up as a health measure—which, as we all know, is a complete con and sham. There is the lifting of the Medicare levy surcharge thresholds, a measure that will result in higher health insurance premiums. And then there is the tax hike on condensate, which will mean higher gas prices for consumers in Western Australia—something which the people of Western Australia recently passed judgement on. Labor are hiking up taxes under the guise of fighting a war on inflation. On this side of the chamber we know something pretty simple: tax rises actually lead to increased prices. These taxes will increase the price of alcohol, private health insurance, domestic gas and passenger vehicles. So on the one hand Labor say they want to fight inflation, but on the other hand their actions will lead directly—not indirectly but directly—to price increases. This is one of the new and bizarre economic approaches we are seeing from Labor.

Then there is Labor’s plan to abolish the Australian Building and Construction Commission. The great debate on the Labor side
is not whether or not to abolish the commission; it is whether to do it in 2010 or do it next week. We know that the Labor backbench have been agitating for the abolition of the commission sooner rather than later. The impact of this decision to abolish the ABCC will be devastating for the commercial building sector, and the flow-on effects to the economy will be substantial. A recent analysis by Econtech found that the ABCC’s activities had produced outstanding economic results, including creating a 10 per cent increase in commercial construction labour productivity, a 1.5 per cent gain in GDP, an annual economic welfare gain of more than $5 billion and, importantly, a 1.2 per cent reduction in the CPI. All of these economic impacts are positive and all will be threatened if the Labor agitators and the unions get their way to bring forward the abolition of the ABCC. But it is going to be abolished anyway—sooner or later, but by 2010. The most relevant of those figures I mentioned is the last one, the 1.2 per cent reduction in the CPI. Once again, it is a case of Labor saying one thing but doing another: they say they want to fight inflation, but their actions threaten to send inflation higher.

Then there is a Labor’s record on industrial disputation. Under the economic management of the coalition, industrial disputation fell to its lowest level since records were first kept, in 1913. This was in contrast to the industrial strife that characterised Labor’s last term in office. At its peak in 1993 industrial disputation was estimated to have cost the Australian economy $1.5 billion a year. But this record pales in comparison to the emerging trend we are seeing under the Rudd government. Since its election last year we have seen a massive increase in strike action. In its first six months in office, the number of working days lost to strike action has increased not by eight per cent, not by 80 per cent, but by an extraordinary 800 per cent. As I mentioned earlier, in 1996, before the coalition reformed the construction industry by, amongst other things, establishing the commission, the number of working days lost per 1,000 workers in the construction industry was 335. By 2007 that number had dropped to just seven days. Labor’s plan to abolish the commission threatens a return to the days, which we want to forget, of militant union-driven industrial strife. The spike in industrial disputation cannot be explained away, as Ms Gillard attempts to do. This increase in disputation is the result of the unions flexing their muscles. They are seeking a return on the investment that they spent getting Labor elected.

The huge rise in industrial disputation is highly relevant to this debate because industrial strife feeds into inflation. Work stoppages affect supply, inflated wage claims over and above productivity gains increase the cost of doing business, and all of this leads to higher prices for the end consumer. So, despite saying they want to fight inflation, Labor are hiking taxes and presiding over increased industrial disputation. Far from fighting inflation, Labor are stoking it.

Watching Labor’s inept approach to economic management and listening to their rhetoric, it is little wonder that business and consumer confidence in Australia has collapsed. The August Sensis business index, released at the end of last month, reported that business confidence has fallen to its lowest level since 1993, when the survey first started. The attitude of small business to the policies of the Rudd Labor government fell to a net balance of negative 28 per cent. And today we had the release of the ACCI-Westpac survey for the September quarter which showed that 38 per cent of Australian businesses expect business conditions in Australia to further deteriorate in the next six months. Only 16 per cent thought that conditions would actually improve. We now have
business confidence collapsing to levels not seen since Labor’s recession in the 1990s—and we are not in a recession.

Business confidence does matter because it is a factor in business decisions to invest, to hire workers, to grant wage increases and to take more risks. Low confidence stifles enterprise, and that is the tragedy that is unfolding. Consumers, too, are rapidly losing confidence in the ability of this government to manage the economy. The latest Westpac-Melbourne Institute consumer sentiment index did show a slight rebound in consumer confidence—which is welcome—but the index is still at a level that is 20.3 per cent below where it was a year ago, when we still had a Treasurer who knew what he was doing.

Consumers are losing confidence for all sorts of reasons, but undoubtedly one of them is the complete failure of the government to keep its promise on cost of living pressures. Before the election Labor talked often about the cost of living facing Australians. The coalition was always acutely aware of these pressures, and that is why we cut taxes for Australian households year after year after year. It is why we introduced the family tax benefit, the baby bonus, the childcare rebate, the utilities allowance, the seniors concession allowance, the carer payment and so on. It is why we changed the indexation of the age pension so that pensioners struggling on low incomes would get some relief. And it is why we cut petrol excise and abolished its indexation, without which petrol would have been much more expensive than it is now.

These measures taken by the coalition to address cost of living pressures were not reviews, were not summits, were not committees, were not inquiries and were not panels. They were decisions. They were what government is elected to take. But this is a government that does not know how to take a decision because it does not know what it is doing. When Australians from all walks of life—from families to pensioners to carers—cry out for help, what does Mr Rudd have to say? Does he say that he will help; that he will act on their concerns? No. This is what Mr Rudd says: ‘We have done as much as we physically can to provide additional help the family budget.’ In other words: ‘Don’t come crying to us. We’ve done enough. We’re not interested in keeping our promise to you.’

Breaking a promise is bad enough, but Labor did something worse: they made a promise to the Australian people that they knew that they could not keep. That is dishonesty. Now, the government will not help pensioners. And this is despite the Prime Minister, the Deputy Prime Minister and the Treasurer—the three most senior ministers in the government—all admitting that they could not survive on the single age pension. Yet they are telling pensioners that they have to wait until yet another review is completed. Instead of real action to address cost of living pressures, such as the coalition plans to increase the single age pension by $30 a week, to introduce a more generous indexation arrangement and to cut petrol excise by 5c a litre, this government is focused on presentation rather than policy.

The two biggest, best and greatest examples of this are Fuelwatch and the ‘grocery watch’ scheme. These are the biggest exercises in spin that we have probably seen in Australian political history: a sham scheme that will increase the overall cost of fuel and a joke of a website which is as useful to grocery shoppers as a dodgy wheel on a shopping trolley. This is not what Australians were expecting when they were told by Mr Rudd that he would do something to help.

But, for at least 134,000 Australians over the course of the next year, the price of gro-
eries will be the least of their problems. This government’s budget is founded on the premise that 134,000 Australians will lose their jobs over the course of the next year. I would ask senators to pause and think about the effect that that will have in individual households. We on this side of the chamber drove unemployment to 33-year lows. We drove it below four per cent. We created millions of new jobs. That was the great human dividend of strong financial management. Labor like to talk about working families. That is all very well, but there is one thing that families need to fit into the category of ‘working families’ and that is work. That is not what we are seeing from the other side. They have based a budget on Australians losing work.

I look forward to a time in the future when treasurers do more than watch; when treasurers are respected—even feared—by the banks; when treasurers speak about economic fundamentals rather than genies and bottles; when the Australian economy is again described as ‘the miracle economy’ and ‘the wonder down under, rather than being on the verge of a Swan dive; and when a show like The Hollowmen is laughed off as satire rather than embraced as a documentary. (Time expired)

Senator CAMERON (New South Wales) (4.03 pm)—I must say that listening to Senator Fifield would make you think that the previous government was the greatest thing that ever happened in Australia. Unfortunately for you, the Australian public did not agree with your analysis. You are over there on the backbench where you deserve to be: in opposition. That is where you are as a result of all of the weak arguments that you put up against this government, which is trying to reverse the problems in the economy that you and your previous boss created.

The motion asks the Senate to condemn the government for its management of the Australian economy. That is a bit rich coming from the mates of the Maserati drivers over there; the mates of the big end of town; the mates who simply want to let big business do their own thing; the mates who want to let big business ride roughshod over the workers of this country. The only parties that deserve condemnation in this chamber are the parties sitting over there, the Liberals and the Nationals. They are the ones that mismanaged the economy; they are the ones that lost opportunities for over a decade. The Liberals and Nationals are the budget wreckers, not an economically responsible opposition.

Here we are with an international financial crisis and what do you want to do? You want to stop this government taking the actions that are necessary in both the short term and the long term to build a strong and effective economy. It is rich that we have Senator Fifield, the former senior political adviser to the former Treasurer Mr Costello, lecturing us. It has been said that the former Treasurer spent the 11½ years of the Howard government in a hammock as the laziest, most indolent and most unimaginative Treasurer that we have ever had. It must have been a double hammock, because Senator Fifield was in there swinging gently with the Treasurer for all those years. He was swinging gently in the hammock while the economic problems of this country piled up; the economic problems that we as a Labor government are setting about fixing. All you want to do is back—

Honourable senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order! Could we have a little bit of—

Senator McGauran interjecting—
The ACTING DEPUTY PRESIDENT—Excuse me, Senator McGauran. I am seeking to call you and your colleagues to order, so do not interrupt me while I am doing that. Senators on my left, please be restrained. Senator Cameron, I draw your attention to the fact that you should direct your remarks through the chair. I know I make that mistake occasionally, but you should still do it.

Senator CAMERON—Thank you, Mr Acting Deputy President. It is about time we examined this great economic legacy that Senator Fifield has been talking about. It is time we examined the reality of history. Senator Fifield talks about the facts—we will look at them. The weight of evidence is clear: under the Howard government, under Peter Costello, there was a failure of investment in this country, a failure of innovation, a failure of productivity, a failure of development, a failure of competitiveness, a failure of balance and a failure of sustainability. Under the former government there was a complete failure of national investment in economic infrastructure. Investment stalled in roads, rail, ports and communications and broadband.

The former government presided over a period of private sector underinvestment. When the Howard government took office in 1996, business was reinvesting nearly 75 per cent of their profits back into building productive capacity. After just three years of Howard and Costello, this figure plummeted to the low 60s. There it bumped along until the previous government was defeated in last year’s election.

Despite all the budget surpluses delivered under the Howard government, public sector investment in public utilities and infrastructure fell from 4.25 per cent of GDP to four per cent of GDP. Despite clear evidence of an urgent need to upgrade Australia’s economic infrastructure, the Howard government and Peter Costello did nothing. They squandered the budget surpluses on politically motivated spending on special interest groups and National Party pork-barrelling—orts under the Regional Partnerships program.

They also failed to innovate. Everyone around the world recognises the need to innovate. What happened under the Howard government? Innovation was completely forgotten. The Howard government actually killed innovation in this country. The former government took the low road to business competitiveness—Work Choices. Did we hear Work Choices pass the lips of Senator Fifield? No, we did not. One of the big so-called economic reforms, Work Choices, Peter Costello would not write about in his book, he would not mention in his book. Senator Fifield would not mention it in his speech. It was a major economic failure of the Howard government. They failed to innovate. Australia was at the bottom of the international ladder on research and development with only 1.65 per cent of GDP being invested in research and development when countries like Finland were investing 3.4 per cent; the USA, 2.6 per cent; and Japan, 3.1 per cent. And under this great economic stewardship of Senator Fifield and the former Treasurer Peter Costello we languished at the bottom of the international field.

We failed in productivity. Australia’s productivity under Howard was woeful. The Howard government again took the low road. Work Choices was the answer to productivity and the Australian public said, ‘Work Choices is not on.’ Annual productivity in Australia during the Howard government was 1.75 per cent per annum. In the three years to 2006 under the Howard government the OECD data shows that Australia grew a miserable annual average of less than 0.4 per cent—so much for this economic miracle
that we hear so much about. At the same time in Korea productivity went up 3.8 per cent; Ireland, 3.75 per cent; the USA, 2.4 per cent; the UK, 2.25 per cent; and France, 2.2 per cent. And what was ours? It was 0.4 per cent under the Liberals—economic vandal-
ism under the Howard government.

There was a failure of development under the Howard government. We were increas-
ingly dependent on primary exports, which are historically high, but with falling com-
modity prices. Because of the former gov-
ernment’s indolence and current favourable terms of trade it will only prove to be tempo-
rary. As a proportion of all merchandise ex-
ports, elaborately transformed manufactures fell from 25 per cent in 1996 to 17.5 per cent in 2006. ETMs are essential to a modern ef-
fective economy. But what did we have un-
der the Howard government? We had a fal-
ing in the commodities that actually make the country tick. Australia’s trade deficit in ETMs grew from 7.5 per cent in 1997 to 9.5 per cent of GDP in 2006. That deficit is growing and Labor must do something to fix it. It is another major failure of the Howard and Costello leadership. We turned from a country in which high-valued manufactured exports were growing into one that was con-
signed to rely on primary exports that are subject to wild fluctuations in commodity prices and speculation.

We used to be competitive. In 1996 Aus-
tralia’s net foreign investment deficit as a proportion of GDP stood at 50 per cent. After declining to 45 per cent in 2002, the policies of the Howard government in the last two terms saw the net foreign investment deficit climb steeply to 57 per cent of GDP. The Howard government presided over the sell-
ing off of 10 per cent of the country in the space of just five years. There was a massive failure of balance in this country. There was a deliberate policy of shifting national in-
come from wage and salary earners to big business.

Senator Fifield would not mention Work Choices but what did Work Choices and the policies of the Howard government do? In 1996 the wage share of national income stood at 44.5 per cent. By 2006 the wage share of national income had fallen to 42.3 per cent. By contrast, profit share of national income rose from 17.5 per cent to 22 per cent of national income. But rather than look at percentages, what does this really mean in monetary terms? It means that under the Howard government, under Mr Costello and Senator Fifield, wage earners lost $30 billion in their share of national income and profits increased by $42 billion.

You can easily stop all industrial disputa-
tion and that was done in the history of coun-
tries through slavery. What you would have liked, heading down the line under Work Choices, was slavery. You could have stopped all industrial disputation, but we are a democratic country, Senator Fifield. We are a country that values workers’ rights. The public has said to you, ‘We’re not prepared to have our rights stripped away.’ Because of both your economic incompetence and your attacks on ordinary workers, you are in op-
position, you are sitting on the backbench and the Labor government has been given the job of fixing this economy.

One of the biggest problems has been the failure of sustainability. The biggest threat to Australia’s economy in the foreseeable future is climate change. What did the previous government do about it? Nothing. They de-
nied it was happening and there are still plenty on the other side of the chamber who would argue that climate change is not hap-
pening. We had 11½ years of lost opportu-
nity—a real lost opportunity to do something to build the jobs, the technology and the skills within Australia to be at the forefront

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of environmental engineering. What did we have under the Howard-Costello government? Nothing; they did nothing. Contrast that with the Labor policies and the Labor approach to building a long-term effective and sustainable economy.

We have inherited a terrible legacy from the coalition government. We are moving to consolidate the budget surplus, which the opposition is trying to raid in the Senate on behalf of their Maserati driving mates. Labor are heeding the clear message from the Reserve Bank that the former government’s reckless tax and spend policies were putting upward pressure on inflation and interest rates. The former Treasurer, lying in his hammock with Senator Fifield, ignored 20 warnings from the Reserve Bank about building inflationary pressure. With inflation at a 16-year high, Mr Costello said inflation was right where he wanted it.

After years of coalition neglect and punitive attacks on the public education system, Labor is putting in place policies to rebuild education in this country. From early childhood education to university education, Labor is going to build a world-class education system that will help lift our efforts on innovation and productivity, the very areas that the Howard government and Senator Fifield failed to deliver on.

After years of the coalition deliberately squeezing working families, Labor is taking the high road on labour market reform, providing the basis for a fair industrial relations system that is essential to the development of high-performance, high-productivity firms that are able to compete globally. After years of a tax and spend coalition government, Labor is undertaking root and branch reform of the tax system. This will encourage investment in high-value, high-skill industries that will boost Australia’s export performance.

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT—Order, senators!

Senator CAMERON—After years of coalition indifference to the need for innovative industry, Labor is investing heavily in helping industry to meet the challenges of innovation and new technology. Senator Carr is at the forefront of engaging industry to build the industries of the future for this country. What the coalition failed to do in $11\frac{1}{2}$ years absolutely amazes me. We hear people on the other side talking about manufacturing, but for $11\frac{1}{2}$ years they could not spell manufacturing. They did nothing about manufacturing. All they wanted to do was lazily rely on the growth of our export industries, primary produce and commodities.

After years of coalition indifference to innovative industry, the Labor Party will be investing in innovation and new technology for this country. After years of climate change denial from the other side, denial that does still run deep, Labor is acting on climate change. The coalition acts as if they bear none of the responsibility for the very serious challenge that this country faces. They want all the credit for the very little that they did, but no responsibility for the legacy that they actually left this country, a legacy of inactivity, a legacy of declining manufacturing jobs, a legacy of denial on climate change and a legacy of bad economic management. But they want none of the well-deserved blame for the mess that they have left behind.

As a Labor government we will tackle the issues that are so important for this country. We will tackle education, we will tackle innovation, we will build our industries and we will not ignore the need to develop a balanced economy that can produce goods that are manufactured by Australian workers. We will not neglect the schoolchildren of this
country. We will make sure that they have a good education, an education that leaves them capable of engaging in both the Australian economy and the global economy. We will not neglect our industries. We will not neglect our nation. We will not neglect our people in this country. The record that the coalition crow about will be looked back on in years to come as a record of lost opportunity, a record of wrecking the opportunities that we had on the basis of economic rationalism and of punishing ordinary workers through Work Choices.

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order, Senators! Would you please contain your enthusiasm for interjecting? Senator Cameron has one minute and 45 seconds to go; he should be entitled to finish his speech in silence.

Senator CAMERON—I think that the noise that we hear from the other side is simply them trying to deny again all of the facts that are before us today on their economic incompetence over their period in government, an economic incompetence that has left this country ill-prepared for the challenges that we face. And the economic incompetence continues when we see them in action in this chamber trying to deny ordinary Australians access to tax relief through the Medicare levy surcharge, when we see them supporting their mates in the big end of town by trying to stop decent taxation initiatives on the offshore oil industry that are long overdue, and when we see them—when they have stopped fighting among themselves about who is going to leave what where—coming here and simply denying that there is any problem.

Senator Fifield’s speech is a speech of absolutely unbelievable proportions: ‘This is how good we were. This is what we did.’ And what did we find? The Australian public said: ‘We do not believe you. You are going to opposition.’ And Senator Fifield, you are out of your hammock. You are up in the back bench. That is where you deserve to be. You have done nothing for 11½ years. You have done nothing for this country. The Labor Party is the party that will deliver for this country. (Time expired).

Senator RYAN (Victoria) (4.24 pm)—If, in series 2 of The Hollowmen, we see a fiery senator from New South Wales, we will know what performance it has been modelled on. What we have just heard is like Dorothy from the Wizard of Oz—that if you say something often enough you will make it true. But if there was one thing Senator Cameron did not mention throughout that presentation it was anything about unemployment. While he reeled off a series of statistics from the OECD—all could be misrepresented and twisted in any way—the one thing he did not mention was the 60,000 Australian families that are going to lose a job this year. Ben Chifley would be turning in his grave about a Labor government introducing policies that cost people jobs. The most basic stake in our society is having a job. He talked about the problems of the lack of investments. Who is responsible for the blockages around this country in roads, rail, ports and public sector investment? It is your mates in the state government. Western Australians in this country are going to get a better deal as of this week. They are going to get a government that does something right. But around this country the lack of investment in roads, railways, hospitals and schools has come as the result of state Labor governments blocking it and being held back by, and kowtowing to, sectional interests.

It is a pleasure today to rise following Senator Fifield. I have known him for a while. I too have never seen him given direct credit for the economy but I can now say: ‘Well done. I am a lot better off because of
"The reality is this government inherited an economic dream: more than a decade of growth, highs of employment and lows of unemployment that were theoretically impossible a decade ago, and inflation over the previous decade that had averaged the dead middle of the band that the Reserve Bank targets. The Reserve Bank, mind you, gets to target this independently because of the independence we gave them, not like a former Treasurer in the other place who said he had the Reserve Bank’s governor in his back pocket and that he would actually make those decisions himself. That independence we gave them is seen in our performance over the last 10 years, along with a government that took its economic responsibility seriously. We had budget surpluses as far as the eye could see. Our government finances were the envy of the world—just as Senator Fifield outlined, we were the ‘wonder down under’ in terms of our economy. But since they came to office, this government have adopted a unique approach: rather than build confidence and rather than try to educate people about the challenges that you have to face daily in an economy, they actually decided to create a myth—a myth that they somehow had it tough.

Along with Senator Fifield, and I am sure most of my colleagues, we find presentations like Senator Cameron’s quite amusing. The reality is the people will never accept it because they know they were better off. This government has refused to accept that when you take office you take responsibility. Government is about making decisions, as Senator Fifield outlined, and it is about being held responsible for them. No-one ever said running a $1 trillion economy was easy. It is tough. It involves difficult decisions. But a government that came to office without any ideas other than returning favours to their union masters and parroting focus-group tested slogans like ‘working families’ has nothing to say for itself. It had no cause in getting here other than to get here itself. Conservative or responsible fiscal policy—as they claim to have—is not about increasing taxes. It is not about increasing taxes on someone who is having a Bundy and Coke. It is not about jumping up taxes on someone who buys a LandCruiser. It is actually about what the Liberal and National coalition did after 1996: applying a bit of rectitude towards government spending, redirecting priorities and taking tough decisions.

This government has done nothing other than talk the economy down. It has tried to create a false purpose, this false purpose being that they were faced with a crisis. In football terms, this Prime Minister and Treasurer ran onto the field at three-quarter time 15 goals ahead in the grand final and started running around telling their colleagues they were in a lot of trouble and could not get it home. The reason this economy is in trouble today is that this government, and this Treasurer and Prime Minister, have been running around telling everyone they are incapable of managing it. We agree with them. When it comes to talking down the economy the Treasurer’s performance has been quite extraordinary.

Senator Fifield—A Swan dive.

Senator Ryan—Senator Fifield has used a line that I was going to use as well—one that is entirely appropriate. In February this year the Treasurer said on the Sky business channel:

There’s no doubt that the former Treasurer, the former Government, let the inflation genie out of the bottle.

At a press conference on 4 February, the day after, he said:

The inflation genie is out of the bottle, it’s been on the march for a couple of years.
This is consistent with them just parroting the line over and over again. If you say it often enough you will allegedly make it true.

I thought it was like watching an episode of *I dream of Jeannie*, starring the Treasurer as the hapless Major Nelson, always blaming problems on his supernatural partner. But the reality is that there is nothing supernatural about incompetence, and that is what this government and this Treasurer have shown. Incompetence escaped the bottle the moment this government took office and the moment it decided to talk down the economy and start trying to create a false problem.

We had to go to the Reserve Bank governor to clear things up at a hearing of the House of Representatives Standing Committee on Economics. When he was asked, ‘Is the inflation genie out of the bottle?’ Mr Stevens said:

I do not want to comment on colourful things that are said in public debate, but what we have said is inflation has risen and that is a problem. It has to be dealt with and we are dealing with it. We will contain it and it will come down. Is it out of control? No, I have never said that.

What we had at the same time was a Treasurer running around misleading the Australian public and saying that it was out of control. It was the daily challenge of being Treasurer. No-one in the previous government put the economy on ‘set and forget’ in 1996. There were years of difficult decisions. There were ongoing challenges. Tax reform, labour reform, reform of export markets—all of these things are what help keep inflation under control, and it is an ongoing challenge. But going out there and consciously talking inflation up has a serious impact on people’s expectations. Yet when Mr Swan realised that this was actually causing a problem, when Mr Swan realised that his negative talk about the economy was starting to have an impact, he suddenly said, ‘No-one’s allowed to say anything bad about the economy.’ His hypocrisy was shown when he said: I think that sort of talk— referring to a recession—is unhelpful and I don’t think that sort of talk takes into account the underlying strength of the Australian economy.

That was less than six months after he had been talking up the problem of inflation quite irresponsibly.

The simple point we have here is that this government has placed its partisan interests ahead of the nation’s economic interests and the needs of Australian people and families. In a desperate need to find a purpose, and in the fine tradition of its state counterparts, this Labor government seeks to find someone else to blame. This government has attempted to create a myth about the economic situation it inherited, a myth that the Australian people will not fall for. But it has had an impact. Confidence in an economy is critical. People base decisions on investment, which provides jobs, on their confidence and how they think the economy will play out over the coming few years.

Just as inflation is about people’s expectations, all these decisions are based on a hard-to-measure concept of confidence. But we do have quite a lot of measurements coming out, and Senator Fifield went through some of them. The *West Australian* newspaper reported last month that business confidence had crashed to levels not seen since the terrorist attacks seven years ago. That was a period of trying economic circumstances in which the performance and management of the previous government saw that, while our major trading partners suffered an economic downturn, Australia did not. The August Sensis business index for small and medium enterprises gave the Rudd government a rating of minus 28. This was actually the worst rating of all state and territory Labor gov-
ernments—which, given the performance of some of them, particularly New South Wales, is not a bad achievement in only 10 months.

Senator Bernardi—It’s their only achievement.

Senator RYAN—Their only achievement. An ACCI business survey showed that business confidence had collapsed to its lowest point in 14 years—and those people who were involved in running businesses 14 years ago, particularly in my home state of Victoria, remember just how bad that was.

There have also been similar collapses in consumer confidence. In July the OECD’s standardised consumer confidence indicator showed that Australia experienced the largest collapse in consumer confidence in the OECD and the second lowest level of consumer confidence in the OECD overall, just behind Spain. This result is mirrored by the ACNielsen global consumer index, which reported that in the first half of 2008 Australia had an 11-point collapse in consumer confidence. This fall over the last six months was far worse than the global average of half that, at 5.6 points. And why is all this happening? This is all happening because our Treasurer has been talking the place down. The Chief Economist of Westpac, Bill Evans, was reported as saying recently that confidence was now only slightly above the low point of the recession in 1990. I suppose at some point we will soon hear that this was ‘the crash in confidence we had to have’.

The fact that business and consumer confidence has been in this swan dive for the entire term of the Rudd government is no coincidence. It should come as no surprise, because the Labor Party has form on economic management. The Prime Minister and Treasurer have failed to accept that they are now leaders and have responsibilities. They need to move out of opposition and commenting mode. The coalition left government with solid economic growth, low unemployment, negative net public debt and $96 billion in future surpluses, which beats the hell out of the $96 billion of Kim Beazley’s black hole.

Rather than easing the pressure on working families, this government has failed them. The increase in unemployment forecast in the budget papers, as outlined by Senator Fifield, is of 130,000 fewer jobs. Late last month an analysis in the Sydney Morning Herald came up with the number of 58,000 people actually losing their jobs, and that was described as ‘the number that dare not speak its name’. Quite frankly, that is a number this government should be ashamed of. To introduce policies and forecast an increase in unemployment in the environment they inherited has absolutely no excuse.

Higher interest rates represent a significant increase in living costs for all Australians. As Senator Fifield also outlined, when a government goes out and talks up the prospect of inflation, it is giving the Reserve Bank encouragement and a green light to increase interest rates, which hits every mortgage owner, hits every person who has borrowed money to buy a car and hits farmers and businesses on their overdrafts. This situation is compounded by the fact that we are in a challenging economic environment at the moment—but a challenging economic environment is no excuse for the government’s failures, because the environment is always challenging. The previous government saw off the Asian financial crisis, the dotcom crash, the recession in the United States and terrorist attacks in 2001, yet our economy went through 10 years of constant growth—something our trading partners are jealous of. For this government to be constantly looking for an excuse shows the vacuum that is at its policy core.
Just months into the job, the Prime Minister said he had done everything he could physically do to reduce the pressure on families. In fact, apart from putting prices on the internet and saying, as Senator Fifield outlined, that he had done all he could, he has done nothing. Far from lowering the price of petrol, we know—because independent analysts have looked at the model—that Fuelwatch will force out independent retailers and increase the price of petrol. It is unfathomable, when we are talking about an inflation challenge, that the Labor Party would not consider reducing fuel excise. Cutting fuel excise will cut inflation. GROCERYchoice—and we all know its true name was actually ‘grocery watch’—does nothing other than tell consumers what the prices were a month ago. It will have a negative impact on independent retailers, particularly in smaller communities and in rural areas. Potentially, it will force them out of business because it misrepresents what independent retailers can actually sell their products for, because they are grouped together.

We come to the final point of this motion. We understand that the Rudd government’s economic reform strategy actually has no detail. They are all talk and no action. We hear talk of productivity, but they are introducing an industrial relations system that the Treasury itself has described as less flexible and likely to reduce productivity growth. We hear talk of reform, but there is no reform program. They refuse to release the modelling so we can look at the detail behind the Garnaut report—because it upsets the plan to have a brochure, a sticker and a slogan. Labor’s Building Australia Fund was supposedly designed to provide flexibility in the funding of infrastructure. We have no idea what sorts of things are going to be built, what criteria they are going to be tested on, whether an economic test is going to be applied and whether they are going to be cost-effective. The government have no idea what they intend to build. All they know is that something should be built, but why and for what purpose eludes them. The state Labor governments have squandered the boom that they have experienced and we know that this will be used to cover up federal Labor’s failure.

‘Nation building’ is actually also partly code—and we heard this from Senator Cameron earlier—for picking a lucky industry. I come from Victoria, as I outlined in my first speech the other night. We saw firsthand what happens when a government goes around trying to pick winners. When governments go around and try to pick winners, taxpayers and workers lose out. Having a slush fund for government to do that will only encourage people down that particular path. The government is oblivious to the main drivers of innovation. I am glad Senator Cameron mentioned it, because innovation does not come from government. Innovation comes from small business. Innovation comes from big business. It comes from someone with an interesting idea, and Australia has a fine tradition in it. Innovation is not something that comes out of a 200-page report or something that the government can direct. Innovation comes from people actually running their own businesses, coming up with a good idea and convincing other people to back them.

The coalition’s record over 10 years stands in proud contrast to what this government has achieved over nine months. We paid off Labor’s $96 billion of debt. We put $60 billion away into the Future Fund—away from this government’s fingers, thankfully—to make sure that all the liabilities of government in the future were covered. We put $5 billion in the Higher Education Endowment Fund. We provided Australians with $214 billion in tax relief and made reforms to superannuation to reduce the mas-
sive paperwork headache that was forcing everyone at the age of 55 to hire professionals to deal with something that should be a lot simpler.

Senator Sherry—They still are. Nothing’s changed!

Senator Ryan—They have to pay a lot less for it!

The Acting Deputy President (Senator Forshaw)—Order!

Senator Ryan—Given that the Labor government inherited a strong surplus and zero debt, their performance to this point shows that they are not prepared for the current economic challenges that the country faces. They have a budget that has increased spending. According to Treasury figures, the budget surplus would have been larger in 2007-08 if Mr Swan, rather than increasing expenditure, had done nothing.

When he was speaking to the motion, Senator Fifield outlined the proud record of the coalition government. We have heard from Senator Cameron, but he refused to talk about the great stain on this government’s record at the moment, which is unemployment. I have outlined how we have heard the Treasurer and the Prime Minister talk constantly about the problems facing the economy and how they have refused to tackle them. I thank the Senate for its time.

Senator Furner (Queensland) (4.41 pm)—I rise today to speak about the motion moved by Senator Fifield regarding the apparent ‘reckless management of the Australian economy in a time of global economic challenge’. The claims made in the motion include the government’s alleged ‘irresponsibility in talking down the Australian economy’. May I quickly remind the opposition that the government had not only a decrease in inflation but a strong surplus after taking over from a reckless previous government. The motion condemns:

(b) the massive collapse in consumer and business confidence since the election of the Rudd Government;
(c) the delivery of a budget that forecasts an increase in unemployment;
(d) the Government’s raising of inflationary expectations and failure to honour its promise to address cost of living pressures; and
(e) the absence of a coherent economic strategy and a focus on presentation rather than policy.

These claims in Senator Fifield’s motion are unfounded. I would be extremely interested—and I am sure other senators would be interested—to see the statistics that prove these ridiculous statements, which, frankly, are wasting the Senate’s time.

I also remind the opposition that the government has passed legislation that does look to the future and does provide for the Australian people. Unfortunately, those opposite abuse their power in the Senate by blocking each and every fiscal bill that is being presented to the chamber.

I was privileged to have the opportunity in the second week of my term as senator to be on the Senate Standing Committee on Economics. That is a committee, I am sure you would understand, that deals with key fiscal objectives of this government—objectives like Fuelwatch, grocery unit pricing, the luxury car tax and the Medicare levy surcharge. I have had the privilege to attend a number of the inquiries into those bills. It would be fair enough to argue that during those inquiries the committee heard of measures and objectives to secure fiscal opportunities for this government and also for this nation. But on the opposite side of the chamber you have those that wish to tear it down. They are reckless when it comes to fiscal management.

I would like to remind the opposition of what the Rudd Labor government has
achieved in responsible economic management. The world economy is changing at an astounding rate and Labor’s economic platform is changing with it. This year’s budget ushered in a new era of economic responsibility, delivering a strong budget surplus and reciprocating spending to sustain growth in the long term to ensure that the fiscal policy plays its part in putting downward pressure on inflation and to ensure a strong economy at a time of international economic uncertainty.

Senator Bernardi—Do you understand what you’re reading?

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order! The previous senator, Senator Ryan, was heard in virtually absolute silence right through his speech and I would ask senators on my left to cease interjecting.

Honourable senators interjecting—

The ACTING DEPUTY PRESIDENT—Senators, I just asked you to cease! As I said, Senator Ryan was heard in virtually complete silence throughout his speech and I ask that senators on my left extend the same courtesy to Senator Furner and any other speakers.

Senator FURNER—This government has achieved savings by cutting back inefficient and wasteful programs, better targeting income support to those who need it most, reducing distortions in the business tax system and making government more efficient. Labor’s budget strengthens Australia’s economic foundations and delivers for working families under pressure. Labor’s budget is a responsible one for our nation’s needs at a time of international turbulence and high inflation at home and is a budget designed to fight inflation and ensure we meet the uncertainties of the future from a position of strength. Labor has budgeted for a surplus of $21.7 billion in 2008-09, 1.8 per cent of GDP, the largest budget surplus as a share of GDP in nearly a decade. Those decisions are that of a responsible government, a government that has the prosperity of our nation clearly on its agenda. Even John Howard has had to accept that Labor’s economic record is one of foresight and nation-building.

Although the Australian economy is enjoying its 17th year of growth, productivity growth over the last five years has averaged 1.4 per cent a year, the lowest in 17 years, and capacity constraints have put upward pressure on inflation. When the Labor government came to office, Australia was facing the highest levels of domestic inflation in over 16 years. The previous government left us with high interest rates—interest rates that had gone up 10 times in a row under that government. They went up 10 times in a row under the previous government. The only time they have decreased has been recently, under a Rudd Labor government, in the latest decision by the Reserve Bank. High interest rates and inflation that was on a runaway path left the Labor government with the situation of having to bring down a budget, its first budget, in those economic circumstances.

Now the opposition has the gall to block fiscally responsible legislation like the Tax Laws Amendment (Luxury Car Tax) Bill 2008. We have said that reining in government expenditure is essential if we are to put downward pressure on inflation, and we take the view, unlike the opposition, that the question of the inflationary challenge that this country faces is not a charade. It is not a fairytale, as the opposition would have us believe; it is real and it is hurting working families. While those opposite sit on their hands as inflation climbs to its highest level in 16 years, the Rudd Labor government are determined to act. Inevitably, that—
Senator Bernardi—I cannot sit here and listen.

The ACTING DEPUTY PRESIDENT—Senator Bernardi, do you have a point of order? If you do, give it to me or else sit down.

Senator Bernardi—Yes, Senator Furner is absolutely wrong that inflation is at the highest it has been in 16 years.

The ACTING DEPUTY PRESIDENT—That is not a point of order; it is a frivolous attempt at a point of order.

Senator FURNER—the clear direction has to be based on responsible economic management, and responsible economic management remains anchored in a $22 billion budget surplus—a buffer for the future. Responsible economic management can only be ensured through bills such as the luxury car tax bill. The luxury car tax was announced to enhance fairness in the tax system. Yes, fairness—something the opposition seem to grapple with. They seem to have difficulty with the comprehension of that word, which is evident through their years of power. We saw that in the likes of their WorkChoices and those types of legislation where they could not comprehend what fairness means and how it applies to those who are out there struggling to make a living.

The government has to make tough decisions in these times of economic uncertainty; the government sees infrastructure and helping low-income earners and pensioners as a priority, as do a majority of Australians. To do this the government has had to make tough decisions like the luxury car tax in order to grow Australia into the future. If the government has to raise a tax on luxury cars for those who can most afford it—it looks to the future for everyday Australians—then the government will make that call.

You tell me why an individual such as Malcolm Turnbull, who is estimated to have a net worth of $125 million—that is right: $125 million—has the right to complain about a tax increase that would not even put a dint in his pocket. One must ask who the opposition is actually representing. It seems the opposition are only interested in representing themselves and a small minority of Australians.

Should those opposite continue their irresponsible fiscal destruction and vandalism, this bill, like the luxury car tax bill and others, shall be defeated. We will end up with millions in lost revenue over four years. What is the Liberals’ approach? It is seeing how much the Porsche is going to cost with or without a luxury car tax. The government, however, is looking to the future.

The Labor government wants to invest in the nation’s long-term infrastructure, including its public transport infrastructure. To do that we need money, and we need money from various means to manage the budget. I must ask: what is more important—a short-term political gain or a long-term plan that will ensure Australia has a brighter future? I must also ask: what is more important—a luxury car tax that will increase the cost of a minority of cars, or a reduction in the budget and greater pressure on the families of Australia? Fellow senators, which is more important, advocating for a few or advocating for the many?

It is time the opposition got its priorities right. I plead with those of you who empathise with the average family, who cannot afford the natural things required to sustain a reasonable living standard these days, to not block these legitimate types of legislation, to allow the budget to be sustainable for our future. We are talking about people in need. They need our help. It is our duty as representatives of the Australian public to make tough decisions that will make things a little
bit easier, comfortable and more suitable for Australians.

Senators, we have a chance here to make a change for the better. Is that not what we are all about in this chamber? I ask the opposition to seriously consider their position and think about the future of Australian families and the future of Australia’s economic growth.

Senator McGAUran (Victoria) (4.53 pm)—I was not expecting that to end as quickly as it did. He just petered out and so I have been caught a little off guard, I have to admit. Who would have thought that Senator Furner, who started with a rage, would end with a whimper?

Opposition senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Forshaw)—Order! Senator McGauran, resume your seat. I reiterate the comments I made earlier. Previous speakers have been heard in relative silence and I think Senator McGauran should have that same opportunity.

Senator McGAUran—I want to pick up a few things that previous speakers have said. I do not want to dwell on them too long; it is not worth it. I have a set speech here that I have spent all afternoon preparing and I seek to deliver it, but I would like to pick up on something Senator Furner said. Like previous speakers, but with a little more spite, he introduced the politics of envy. I know it is a cultural fact within the Labor Party, but I want to pick him up on his comments in regard to Mr Turnbull. He asked the question: who are Mr Turnbull and we on this side of the house representing? I would ask the same question of senators on the other side.

Who are they representing, when the member for Lowe, 10 years in this parliament—I would be immediately struck off if I said what I thought of him—raises the matter of the size of a plate of beef stroganoff? He raised that in the parliament. This member represents, in a great proportion of his electorate—a marginal seat which, from time to time, has swung between Labor and Liberal—pensioners, working-class people, working families and the middle class. And this is what he brings to the parliament. Senator Furner dares raise the question of the politics of envy and Mr Turnbull when one of his own members has acted in a way unprecedented in politics. Obviously being in government has gone to this member’s head.

Senator Bernardi—Already.

Senator McGAUran—Already the power, joy and privilege of government have gone to his head. They are all the feelings we felt but, I tell you what, I cannot remember any Liberal member, rich or poor, ever standing up in the parliament and raising the issue of the size of a beef stroganoff plate. That is my answer to Senator Furner and his politics of envy.

I have to say that I really cannot distinguish between the lead speaker for the government, Senator Cameron, and his predecessor, former Senator George Campbell; I am having trouble; perhaps time will tell. He ruthlessly knifed his predecessor, and for what? I can barely distinguish between the two of them. They are both from the militant Left. That is obvious from listening to their speeches. They are both very difficult to understand because they speak so loudly.

Senator Sherry interjecting—

The ACTING DEPUTY PRESIDENT—Order, Senators! Senator McGauran, I draw your attention to standing order 193, which you well know. I will do that in advance.

Senator McGAUran—I am speaking about the lead speaker that the government put up to defend their nine months in government. They put up Senator Cameron—not only a new and inexperienced senator but
one who is from the militant Left. They seem to think those are the economic credentials they ought to bring to this place. Of course, he introduced all the elements of the militant Left and the politics of envy. He was riddled with the politics of envy. He was against any sense of privatisation. You need only go back to the Hansard to see that.

Opposition senators interjecting—

Senator McGAURAN—Many on the other side will challenge that proposition, perhaps including yourself, Mr Acting Deputy President Forshaw. The point in regard to privatisation is that Senator Cameron says the previous coalition government privatised—and I do not know if these figures are correct—some 10 per cent, or whatever the figure was, of national wealth. We did, unashamedly. It was our policy, it was our philosophy and it was the foundation stone of returning the country to a surplus budget and zero debt. That is why we undertook privatisation. Senator Cameron has not got a clue. He just ran the philosophical Labor Left line. I cannot tell the difference between him and his predecessor, who he knifed ruthlessly.

I tell you what: Senator Cameron is eerily similar to former Senator George Campbell. They both have over 100,000 unemployed around their necks. We all know the former Prime Minister, Mr Keating, described Senator Cameron’s predecessor, Mr Campbell, as having something like 120,000—

Senator Marshall—Senator Campbell.

Senator McGAURAN—Senator Campbell—unemployed around his neck, which he achieved outside of the parliament. Senator Cameron is going to achieve it inside the parliament, with 134,000 unemployed around his neck, without a whimper—and he calls himself a defender of the worker! It is in the budget papers and he has accepted it. We did not hear anything at all about that in his speech. I must get in contact with former Senator George Campbell and apologise profusely. We challenged each other many times during general business. I thought he was too extreme, but now his successor has certainly proven me wrong.

Can I bring the debate back to the general business motion—or bring the government’s attention to it? Can I bring the motion to the attention of the next speaker from the government, Senator Pratt? She is furiously making notes at the moment—either to challenge me or to finish writing what she has to say. Why bother? I know that she just has a set piece. Senators Furner and Cameron both had set pieces, using the same lines, the same cliches and the same exaggerations. I have no doubt that the whip has handed Senator Pratt the same set of notes. I do not know why she is bothering to take extra notes unless she wants to challenge something that I am saying. Well, I dare her to. I invite her to.

Senator Fifield spent many years with the former Treasurer and can take credit, and does take credit—in his private moments, I should add; he is not a boastful man—and should take credit for working with the former Treasurer and achieving what they did over the years.

Senator Bernardi—A team effort.

Senator McGAURAN—A team effort it is! The difference between the new Senator Ryan, when he got up to speak, and the government senators, was that he was well prepared. He had analysed the subject. His speech was well structured. It had the fire and passion of belief and philosophy—unlike the other speakers. So I am happy to join Senator Fifield and Senator Ryan and my colleagues who follow in this debate. I will read the motion for the record, because it says it all. It says:

That the Senate condemns the Rudd Government for its reckless management of the Australian
economy in a time of global economic challenge, including:

(a) the Government’s irresponsibility in talking down the Australian economy—

Senator Sherry—What about some arguments?

Senator McGauran—Aren’t you supposed to be leaving at around 5 o’clock? Is your replacement a bit late?

Honourable senators interjecting—

Senator McGauran—You cannot rely on Senator Conroy—the original ‘Hollowman’; the original Rob Sitch. Put a phone call in to him; wake him up.

The motion goes on:

(b) the massive collapse in consumer and business confidence since the election of the Rudd Government;

(c) the delivery of a budget that forecasts an increase in unemployment;

(d) the Government’s raising of inflationary expectations and failure to honour its promise to address cost of living pressures; and

(e) the absence of a coherent economic strategy and a focus on presentation rather than policy.

I support that motion—naturally and wholeheartedly—and, as other speakers have said in their addresses from both sides of the chamber, the matter is reinforced by the backdrop of the deteriorating international situation. It is a frightening situation. The dark prediction by the former chairman of the United States Federal Reserve Alan Greenspan puts it in some perspective. He said that this is probably a once-in-a-century crisis. I do not think any of us knew anything about mortgage home loan lenders like Fannie Mae and Freddie Mac until recently, but look at the sheer size of their collapse. And there are organisations like Lehman Brothers, Merrill Lynch and AIG, which is valued at $1 trillion.

These are enormous companies. Some have collapsed, some have gone into bankruptcy, some have been salvaged by their government and some are on the brink. And Australia is not immune. We are feeling the repercussions within our own share market, which has reached a 2½-year low. Leading companies, investment companies, manufacturing companies and banks are all taking huge losses. Some are even on the brink of collapse themselves.

If you want to have a good day, do not look at the financial pages of today’s newspapers. Senator Sherry is in the chamber. He may or may not have read the Herald Sun, but judging from what he said during question time he has not. It is headlined ‘Superannuation takes $100b hit’. So this is a time, more than ever before, that Australia needs economic experience, knowledge, wisdom and wit to steer our economy through very troubled waters. These troubled waters are not a product of the usual boom and bust that was common enough in the fifties, seventies, eighties and nineties. Economic historians can point to the times and to the reasons for these booms and busts. I believe that this is a malaise that will go much deeper and may stretch for much longer. It will cause uncertainty that will directly hit household budgets, retirement plans and unemployment levels. That is the reality of the situation and the backdrop to this debate.

As previous speakers have pointed out, Australia has faced crises before, including the economic crisis of 1997, where our Asian neighbours’ economies collapsed around us. And there was the crisis of 2001, with the September 11 terrorist attack, which created a collapse in confidence, particularly in tourism. We have had those crises before, but nothing of this magnitude. Even though those crises were not of this magnitude we were able to pull through the bad times more
quickly because the fundamentals of the economy were sound.

Early in our term of government we gave the Reserve Bank unprecedented independence in monetary policy—and thank goodness we did, because the economic crisis in Asia came very quickly. The decision to do that was a product of the Reserve Bank’s independence being compromised by the previous Labor government. Equally, the previous coalition government, early in its term, introduced the charter of budget honesty to restore the integrity of the government’s financial reporting, which had been lost under the previous Labor government.

In our first term of government, a debt-reduction regime was put into place by way of disciplined surplus budgets and boosted by the sale of government assets. Moreover, we locked in structural reform. We did not stop reforming from our first term to our fourth term. Yet, at every step of the way, the Labor opposition—now in government—opposed those reforms, which they have inherited. No government in the history of Federation has inherited such a fundamentally sound economy—structurally strong and able to meet the challenges of the difficult times ahead—yet the Rudd government are seemingly hell-bent on squandering that advantage, an advantage that the Economist magazine declared unique, calling us the ‘wonder down under’.

Consider the legacy the Rudd government were left and how, in their very first budget, they have squandered it. They walked into office with the government owing zero debt. I do not know of any other country—there would be very few if you had to name them—that has zero debt. In fact, in today’s papers the Governor of the Reserve Bank is quoted as saying:

Most governments would kill for a set of fiscal accounts like the ones we have. He meant zero debt and budget surpluses to the tune of 1.5 per cent or more of GDP. Interestingly, the debt that we eliminated was $96 billion, which coincides with the very surplus that you, the government, will be inheriting over the next four years. In the forward estimates it will amount to $96 billion. If you do nothing, you are going to have surpluses worth $96 billion. Eerily, that surplus gifted to you is equivalent to the very debt being raised by the state governments over the next four years—around $96 billion.

Time does not permit me—you can give me an extension of time if you like, Mr Acting Deputy President—to go through the previous government’s record, but it is well known. Perhaps the centrepiece of that legacy and that record is the unemployment rate, which was trending to the once unimaginable full employment rate. Yet, in the Labor government’s first budget, they have effortlessly put aside the ambition of full employment and, for the first time in many budgets, predicted an increase in unemployment of some 140,000 people—real people.

I should add that the first budget of any government tells you a lot about the character, the mettle and the leadership of the government; it was so in our case in 1996, when we had to bring down a tough budget, and so it was with the Labor government. They had an extended honeymoon up to their first budget, but even the media, who had given them that extended honeymoon, had the spotlight on them in their first budget. The media wanted to see what direction the government were going to take this country in. Well, on the night we got it. We got what the Treasurer called, in his own words, ‘a classic Labor budget’—and he was right. It was a classic Labor budget of high taxes, new taxes and unannounced taxes that came from left field on the working households of Australia, to the tune of $19 billion.
Senator Coonan—Taxes by stealth.

Senator McGauran—‘Taxes by stealth’ is the interjection by Senator Coonan, and she is right. I do not remember the government going to the election saying, ‘We’re going to lift your taxes by $19 billion,’ nor did I ever hear them say that they were going to increase spending by a net $15 billion—quite the opposite, actually. So from their first budget we now know what their mettle is—an inflation-feeding budget. We now know that this is a classic Labor budget—self confessed—with spending increased by $15 billion and new taxes of $19 billion. That is the make-up of their first budget. That is classic Labor. As I said, perhaps the most disturbing aspect of their first budget is the projected increase in unemployment of 134,000 Australians.

Senator Bushby—And it’s already happening.

Senator McGauran—‘And it’s already happening’ is the interjection. I have some of those figures, Senator Bushby. Nine hundred and thirty jobs have been lost at Mitsubishi. Five hundred jobs—all working Australian jobs, not executive jobs and not jobs from Point Piper; these are all down on the factory floor—have been lost at National Parts. Fifteen hundred jobs have been lost at Qantas, 600 from the Insurance Australia Group and 600 from Don Smallgoods, and so it goes on. These are big cuts that are starting to filter through. There is a lag time with the unemployment rate at the moment, but these are figures that will come through.

As the previous speaker said, to that end confidence in Australia has collapsed to record lows. The confidence levels have never been so low since the 1992 recession times, and Australia is not even in a recession. Do not come to me and say that confidence around the world has collapsed. Australia’s confidence has collapsed more than in any other country in the world, and we are one of the only leading economies of the world that do not have a negative growth rate. The confidence is a judgement on this new government within the first nine months of their service. I support Senator Fifield and I commend him for the work he did with the former Treasurer.

Senator Pratt (Western Australia) (5.13 pm)—There is indeed one thing we can all agree with Senator Fifield about: that we are facing a time of global economic challenge. But, at least on this side of the house, that is where our agreement with Senator Fifield ends. It is not our budget that is the problem; it is not our strategy that is the problem. The root cause of the challenges we face today is twofold, and neither cause is of this government’s making. The first cause is the state of the global economy. We are all aware of the complex and difficult external economic pressures on the Australian economy resulting from the global credit crunch and oil fluctuations, amongst other things.

But the second cause sits much closer to home: it sits directly opposite. The reality is that this government has inherited an economy which, until late last year, was managed by a government wearing blinkers, a government who during their time in office refused to see the building of inflationary pressure on interest rates and refused to act to head this off—a now former government who failed to act to secure our country’s prosperity by investing to ensure ongoing increases in the productivity of our economy, in things like skills.

Senator Fifield’s motion is no more than a desperate attempt by those opposite to obscure these facts and, in doing so, salvage their economic credentials. That is a big ask, because, while this government has always been and will always be happy to talk up the Australian economy—there is no doubt
about the underlying strengths of the Australian economy—you do not secure it by talking about it; you secure it by acting. That is why the government has directed its efforts, in a very fiscally responsible way, to building a budget surplus, a very healthy surplus of more than $20 billion, that will work to shield Australian standards of living against this global economic uncertainty. It is a budget designed to put downward pressure on inflation and interest rates, which will in turn help ease the financial burden on Australian families. This government is shielding our economy by building this surplus and giving Australian families a break from the tremendous financial burden they are under.

The Liberal government ignored the Reserve Bank warnings about the capacity constraints in the Australian economy time and again, allowing inflation to build and build. They put pressure on Australian families, and there were 10 interest rate rises one after the other. Those opposite are responsible for the financial pressure on Australian families resulting from a 16-year-high inflation rate. They allowed that pressure to build and, at the same time, they had the nerve to tell Australians they had never been better off. Well, Australian families knew better. They knew that cost-of-living pressures were building. They knew that interest rates were climbing and climbing—they felt it every month—and that inflation was picking up.

It has been left to Labor to deal with the consequences of this negative legacy, this legacy of inaction. And now we have to deal with these in the context of a difficult global environment. But, unlike our predecessors, we will face up to the challenge. We will not just talk; we will act. The government are tackling this challenge head-on to alleviate the financial burden on Australian families and so that the future prosperity of this country can be assured. The government are working to strengthen the Australian economy so that we can address the inflation challenge and the related challenge of interest rate rises. That is why we brought down a budget with a strong surplus: to shield the Australian economy and to look to the future for all Australians. Unlike the former government, we are acting to secure Australia’s prosperity by investing to ensure ongoing increases in the productivity of our economy. That is very important.

This government are looking to the long term and working to protect Australians even further by investing in our collective future through measures such as the Infrastructure Australia fund. Infrastructure Australia represents a national, long-term approach that will make sure that our country has the infrastructure it needs to get on with the job of building productivity to secure our future prosperity so that we have a vibrant, robust and modern economy that can withstand international economic turbulence—and so that the great state of Western Australia can continue its economic boom, to the country’s benefit. Infrastructure Australia is going to be the blueprint for building our country’s long-term infrastructure needs for things like transport, water, energy and communication. It is a fund that will help our producers get their goods to market in quick and cheap ways, give families and businesses better access to the internet, and make our cities function better and improve the quality of life within our cities and towns. It is by having strong, reliable infrastructure that we can build a strong, reliable economy. We want an economy that is protected from the worst fluctuations of the global economy.

To this end, the government is also looking to secure our future through the Education Investment Fund. This fund, too, is about building a modern economy and a productive Australia so that together we can meet the challenges of the future. The Education Investment Fund will provide for capital
expenditure. It will help drive renewal and refurbishment of our universities and vocational institutions, as well as our research facilities and major research institutions. Why? Because we know that first-class education facilities and services, especially teaching, lead to a stronger, growing economy. As the OECD made us all aware in 2006:

Evidence of the public and private benefits of education is growing.

Under the previous government, we were sadly lacking investment in this area. The OECD report continued:

Application of knowledge and skills are at the heart of economic growth, with the OECD attributing half of GDP per capita growth from 1994 to 2004 to rising labour productivity.

So you can see that education is the key.

As I said in my first speech in this place, we must engage the entire Australian community if we are to meet the critical challenges facing our nation. Meeting these challenges will require all Australians to confront change, to make sacrifices, to seize opportunities and to adapt. To do this, Australians need access to a quality education and they need a first-class health system. Put simply, our economy is built on skilled and healthy workers. That is why this government is also investing in our future through the Health and Hospitals Fund. This fund will support health infrastructure priorities into the future. It will invest in health and hospital facilities, in medical technology and equipment, and in major medical research facilities and equipment. These three important funds together will be used to invest $40 billion in nation building, for our long-term future. I think this is an agenda that Labor can be very proud of.

But it is not just about building for the future. As we confront change, as we invest for the future, we must also protect those who are vulnerable now. The government is already easing the financial burden on families brought about by high interest rates and other cost-of-living pressures. The government is doing so through targeted assistance to Australian families, targeted assistance that will provide help now while also helping Australians build the skills they need now and into the future. The government has therefore put together the $55 billion Working Families Support Package. This package is comprehensive and will help Australian families claw their way back out from under the financial burdens placed on them by the previous government.

Senator Bushby—Do you believe this stuff?

Senator PRATT—Absolutely. The package has already started to give a 20 per cent increase in the childcare tax rebate. Of course I believe in this; this is making a very real difference for working families. That is an increase from 30 to 50 per cent so that working families can meet the cost of childcare and help balance their family budgets. This is responsible economic management. Also the package is already assisting parents, who will now able to take advantage of the education tax refund for education expenses.

Honourable senators interjecting—

The ACTING DEPUTY PRESIDENT (Senator Parry)—Order! Senators, let us hear Senator Louise Pratt in silence.

Senator PRATT—So the government has sound economic plans for both now and the future. But this responsible and sound economic plan is being put at risk by those opposite playing politics and engaging in one-upmanship. Take, for example, the luxury car tax package of bills. Those opposite want to reduce government revenue by more than $6 billion by opposing our budget measures. They want to stop the government investing in Australia’s future. Why? To protect their
rapidly declining economic reputation perhaps?

Let us not forget a few things here. This is not a new tax being introduced. We are simply attempting to change the rate of an existing tax. We are not attempting to tax people who cannot afford it, unlike those opposite in refusing to accept our changes on the Medicare levy. The luxury car tax rate is progressive. It is a tax rate planned to make the tax system fairer. It is not a tax that is going to have a significant impact on working families. Rather than as some people have alleged, it is not going to affect people with disabilities. The tax law already provides exemptions from the luxury car tax for people with a disability so that they can purchase vehicles with the kinds of adaptations that they require. It is scaremongering on the part of those opposite to assert that this measure will hurt working families.

Of the 20 top-selling cars in Australia, less than four per cent of those sold are subject to the luxury car tax and for the lower end the increase is in the order of hundreds, not thousands, of dollars. We do not think it unreasonable that people who have done well in recent years, particularly from government decisions in terms of tax cuts, should pay just a little bit more for a luxury car. If everyone in this country pays their fair share, and we plug the gaps in the system, we can reduce the overall tax burden imposed on working families while maintaining a strong economic surplus and investing in the future productivity of our nation.

So I urge the Senate to reject this motion out of hand. The motion is nothing more than political grandstanding on the part of those opposite. I think this, combined with attempts by the Liberals to hack into the budget surplus, is thoroughly reprehensible because this is all happening at a time when we are facing a difficult global economic situation. Rather than condemning them, we should be congratulating the Rudd government. We should be congratulating them for strengthening the Australian economy through their modernisation strategies; for creating a modern economy so that the inflation challenge brought about by years of blinkered economic mismanagement can be addressed; for creating a modern economy that can withstand international economic turbulence now and into the future; and for delivering now for working families, taking the financial pressure off those most in need. The government have clear strategies for building a strong economy. We are here to fight inflation and to deliver now for working families under financial pressure. I think, for all of those things, the Rudd government should be congratulated.

Senator BOYCE (Queensland) (5.28 pm)—I rise to speak on Senator Fifield’s motion concerning the state of the economy, particularly the Rudd government’s ‘reckless management of the Australian economy’. I was interested to hear Senator Pratt refer to this as political grandstanding. I wish she was right. I wish this motion was about political grandstanding, but it is not. It is about one of the most frightening prospects facing Australia—the most frightening prospect to have faced it in over 11½ years.

If we want to talk about political grandstanding, the most pure form of political grandstanding, we could look at the advertisement that the now Prime Minister made last year in the lead-up to the election. This ad was in fact funded by the Australian union movement. It was done to tell us all what a wonderful fiscal conservative he was. He was saying to every newspaper and television talk show—anybody, anywhere—‘Don’t look at everything I’ve done in the past nine years as an opposition backbencher. Don’t look at my voting record, opposing every worthwhile economic initiative of the How-
ard-Costello government. Don’t look at my opportunistic statements.’ Mr Rudd was saying, ‘Please don’t remember my nickname in the Queensland public service, Dr Death,’ a nickname that was well earned for his ability to strangle initiative and to drive good policy and good thinkers out of the system completely, until there was only one view left—his. This is not about political grandstanding; this is about genuine concern about what can happen to this economy with this man and his trainee Treasurer in charge.

The reborn economic conservative Prime Minister definitely does not want you to look at his opposition to the new tax system introduced by the Howard-Costello government in 1998. He claimed then that the new system would create a ‘slow burn’ of the Australian economy. The great economic conservative of today claimed then that the reform of Australia’s tax system was a ‘dark day’ in the fiscal history of Australia. The great economic conservative of today in 1998 opposed tax reform. He said:

In a decade’s time we will look back and wonder why this country did it—why we imposed this burden on jobs, why we imposed the burden on pensioners and why we imposed this burden on the country at large.

When the coalition government left office last year, we bestowed a wonderful economic legacy on Mr Rudd and Treasurer Swan. It does not matter how hard or how long the government attempts to talk down the record of the Howard-Costello government because it cannot be done and it will not be bought. Unemployment was at a 32-year low. There was low inflation, with an average inflation rate of 2.5 per cent over the preceding 11 years. There was solid and sustainable growth in real wages and an economy that was the envy of the developed world and much commented on by the OECD and other international authorities.

That is what Labor started with in November last year. But Mr Rudd’s words of 1999 have proved rather prophetic. It is barely 10 months and Australians are wondering why they did it. They are wondering why they elected Mr ‘let’s have a review of everything’ Rudd and they are certainly wondering about the burden on jobs and the burden on pensioners. They are wondering about the empathise and ignore strategy of the government, who are comfortably prepared to predict drastic and dramatic increases in unemployment as a result of their policies and comfortably happy to predict that one day they will do something for the pensioners—despite the fact that they will agree right this minute, today, that pensioners are doing it tough. They will get round to doing something sometime next year to relieve the burden that was so well prophesised by Mr Rudd.

Australians are mostly wondering how Mr Rudd and his trainee Treasurer have so easily squandered the reputational capital of the Australian economy, an economy, as I said, that was the envy of the world and that elsewhere was regarded as demonstrating a peak of good management and good progress—a wonderful balance between low inflation and low unemployment, something very rarely achieved by any government anywhere. The answer is that Labor were so hell-bent on rewriting history, so hell-bent on rolling up all those fresh pale pink pages that they had into a narrative for us all to listen to, that they have tried to tarnish the economic reputation of the Howard-Costello government, irrespective of what happened.

Senator Pratt claims that the Labor government have a sound economic plan. It is quite interesting to listen to the comments of the newly elected Treasurer, Mr Swan. His idea of beginning this sound economic plan was to declare:
The inflation genie is out of the bottle. That was a great start to a sound economic plan and to maintaining the reputation of this country at this critical time. Our reputation is one of the important factors in our being able to weather the international maelstrom that we are currently facing.

Last year, Mr Rudd was saying to anyone who would listen that he was an economic conservative. He was like a born-again believer. He was saying: ‘Don’t look at my past. Look at my new-found fiscal faith.’ As the head of the government he had to make good on that. He has had his chance at economic conservatism, and basically all we have seen is that his new-found devotion to economic conservatism is very, very shallow. First of all, we had the Treasurer assisting with his ‘inflation genie out of the bottle’ comment. All they have done ever since is talk down the Australian economy.

What we are seeing in Australia, quite apart from the global uncertainty that surrounds us at the moment, is what always happens when there is a Labor federal government in Australia. Business confidence has slumped, consumer confidence has slumped, foreign debt is forecast to grow again, and inflation continues to be uncontrolled by the government and by interest rates. By their own admission in the budget papers, they are looking at unemployment growing dramatically in the coming 12 months, putting more Australians out of work. We wonder how the famous working families will be and how they will feel about the government and the government’s ability to manage the economy when they are the out-of-work families.

This is a nervous government. We have a Prime Minister and a Treasurer who are too nervous and too inexperienced to make the hard decisions that need to be made. We have a Treasurer who is afraid to act, let alone act decisively. We have non-stop reviews, inquiries and conferences that go on and on. I must admit that I was somewhat unnerved to look back and see the similarities between our current federal Treasurer and another federal Treasurer from Queensland, who guided the economy down, down, down. Just like ‘Red Ted’ Theodore—now there is a name to conjure with—Treasurer Swan is a big player in the Labor Party and he is a key numbers man in the Labor Party. But, when it comes to running an economy, just like ‘Red Ted’ Theodore, he is a total failure.

Why does this always happen when Labor is in power? Why do we see an economic downturn? Why do we see increases in unemployment? The answer of course is that Labor do not know how to run an economy. They know how to run unions and they certainly know how to appeal to special interest groups with irresponsible policies and irresponsible programs. They know how to socially engineer the country so that equality ends up meaning equal opportunity to be unemployed and equal opportunity to watch education be dumbed down, but they do not know how to run an economy.

Mr Rudd’s problem is that there is more to economic conservatism than simply mouthing it as a slogan. Fiscal conservatives do not jeopardise the future of the private health system by taking away the incentive for Australian families to take out private health insurance. Fiscal conservatives do not create an explosion in the cost of public hospitals by taking incentive out of the tax system. Fiscal conservatives do not increase the tax on the family Tarago or on farm vehicles and call it a luxury tax. We are back again to the politics of envy, back again to the equality of opportunity of not having a job, probably losing your house and not worrying about whether you have to pay the luxury car tax because you cannot even afford an ordinary car. Fiscal conservatives do not put our
economy at risk over an emissions trading scheme that has not been fully modelled and will put uncontrolled upward pressure on the cost of living for all Australians, in particular those who are most vulnerable—the people on fixed incomes such as age pensioners and those on disability and veterans pensions.

Of course, Mr Rudd also promised Australians that he would stop the blame game between the states and the Commonwealth. He just forgot to mention that he would replace it with the ‘no blame, no accountability and no responsibility game’ instead. So we have lost the blame—that is good; there is no blame between the states and the federal government, but there is no accountability either. It is all now operating behind closed doors. The Labor states spent years trying to pretend it was not their job to build schools, hospitals, roads and other desperately needed infrastructure until even they could not pretend anymore.

The state Labor governments learnt their economic management skills at the same school as the Prime Minister and Treasurer Swan. Did they lift government spending when private sector spending was low? Of course not. The states started their stop-start, unplanned spending when the economy was strong, adding dramatically to inflationary pressures and hoping that they could lay the blame for this on the former federal government.

We need to look today at yet another one of their efforts. The Senate Select Committee on State Government Financial Management report which came out today points out that on a number of occasions the states have double-counted federal money intended for local government. We have the big announcement today by Prime Minister Rudd that he is to have a meeting of all the mayors and all the councils of local government in Australia here on 28 November. The only problem with this is that—just like with his 2020 summit, when he forgot to check what was happening in the Jewish calendar—28 November is the day before the Victorian council elections. If you are a mayor in Victoria, where are you going to be the day before the Victorian council elections? Will you be in Canberra doing a mini 2020 summit on local government with Mr Rudd or will you be in your electorate wards speaking to constituents? Once again, we cannot even get ‘let’s have a big talk and think about it for a long time’ right.

I note that in today’s Financial Review, the Governor of the Reserve Bank, Glenn Stevens, has warned that governments might have to lift spending on capital works even further as risk-averse investors shy away from major infrastructure projects. I was a bit surprised by this characterisation of private investors as risk averse. The private sector is not normally characterised as risk averse. Unlike Mr Rudd and Mr Swan, these are people who are used to putting their own money on the line, so why would they be risk averse now?

The private sector are risk averse because they are worried about this government’s ability to manage the economy. They are worried about interest rates. They are worried about what protection there might be from the global situation, which they were not concerned about, which they felt confident about, under the previous government. There is no confidence in this government’s ability to deal with the current economy or with the economic concerns that arise.

Even after we look at the difficulties with inflation and with spending on infrastructure as a concern, what worries most Australian taxpayers—and certainly all those Australians with a mortgage and certainly most working families—is interest rate increases. Until the election of the Rudd government in
November last year our banking institutions had been relatively disciplined. Now it is quite common for banks to raise their variable home loan rates above and beyond and out of association with any increase in the Reserve Bank’s official cash rate.

There was a time not long ago when we had a Liberal government and a Liberal Prime Minister and a Liberal Treasurer and when increases to variable home loan rates were not common except in sync with the Reserve Bank’s official cash rate movement. Again, why is there a difference? What has changed? Why now? The difference between our government, our Treasurer and the Labor lads that are in charge now is discipline—a genuine economically conservative and disciplined approach. We were not sloganeering or mouthing platitudes or pretending to be something that we were not. We had a genuine belief in what we were doing, a genuine strength and a genuine discipline and focus.

The approach of the Howard-Costello government was respected by the banks and by the national business community and, most importantly I think in the current situation, it was respected by the international financial markets. This is not a situation that currently exists with the government we have in control. When the banks are no longer taking notice of Treasury and the central bank you know there is a breakdown in economic confidence and that the government has lost control of the economy. The Australian Bankers Association recently reported that they believed that the current global financial problems will continue for up to two years. Quite honestly, there is not time for this government to not get it right. They need to develop the ability to deal with this economy. They need to look as though they understand what they are doing. They need to stop behaving as though they can change history by attempting to rewrite history. They inherited an extraordinarily strong and robust economy. They need now to do what they can to rebuild the reputation of Australia and its economy that they have squandered so recklessly over the past 10 months.

Senator WILLIAMS (New South Wales) (5.47 pm)—I would like to support what my friend and colleague Senator Boyce has just said in the chamber. Mr Acting Deputy President, I want to take you back many years to when I first started having a close look at the economy and politics and everything else, and I take you back to 1983 when we saw the election of the Hawke-Keating government. The reason I would like to take you back is because we have got to learn from the past. We have got to learn what was good and what was bad and use that experience to see that we do the right thing for the future generations of this nation. I remember in 1983 the election of the Hawke and Keating government and my friends in South Australia saying after a year or two that this was the best conservative government they had ever seen. The government had addressed a debt of around $32 billion and they had put the budget in surplus and we were quite impressed, I must say.

It was only a few years after that that the importance of winning an election became more important than running the economy and we saw the deficits coming along. As I said in my maiden speech on Monday, if governments build debt what they are effectively doing is mortgaging our children’s future away. We saw the debt grow and I remember when conflict came into the then government of the time, Minister John Kerin was made Treasurer. I think he had budgeted for a deficit of $3 billion for the 12-month period and it actually came in at $10 billion, and of course we then saw the debt soar to a massive $96 billion.
I found it amazing today to hear my friend Senator Pratt talking about the big government surplus and I thought: how long is it since a member of the Labor Party stood in either the House of Representatives or the Senate and talked about a large government surplus when they have been in control. I am sure that it has been many years. I look back on the time when the then Treasurer Mr Keating was trying to balance his budgets, and one of the issues I was most interested in that was coming from the country was the price of fuel. I think it was in 1983 that the federal government’s excise on fuel was 6.3c a litre. By the time they left in 1996 it was a massive 34c a litre. They had introduced indexation on the excise of alcohol, cigarettes and fuel. I must pay tribute to a colleague that is no longer a member of parliament, Stuart St Clair, former member for New England. He was the one who pushed the previous government to do away with the indexation on fuel. The people where I come from need fuel as there is virtually no public transport. They simply have to have fuel to even go to town to do their shopping or take their children to sport in nearby towns or whatever.

Coming back to the management of the economy, the reason I look back on those past years is because we saw that it was mismanaged. Now we have a government that is debt free. What a wonderful thing that is to have. I wonder how many federal governments, leading governments in the world, actually do not owe money. I would say that you would probably count them on one hand. The point I make is this: this government have put themselves in a situation where they can gloat about the government surplus. But we know where it came from. There was a $96 million debt—and what would be the interest bill on that a year? Would it be $7 billion or $8 billion? It would certainly be a huge amount. When that debt was paid off it was paid off in two ways of course. One was by the previous government bringing the budget into surplus and the other was selling off assets. I am not a big fan of selling off assets except on condition that when a people’s asset is sold, surely the proceeds must go to paying off the people’s debt.

That is exactly what happened in Victoria when Mr Kennett was appointed to government many years ago. He faced something like a $60 billion debt. He had to sell off the electricity for $19 billion which was used to retire the government debt in Victoria. They were in one huge mess and he had to financially bail out the state. We are now seeing similar things happening in New South Wales. The previous federal government, with a big push from the National Party I must say, implemented the GST. It was a progressive tax that actually gave decent funding to our states so that they could deliver the services they were supposed to such as law and order, health, education, roads and infrastructure. In New South Wales we see big holes in the budget again to the tune of $1 billion. What do they think the answer is? They want to sell off the electricity. The fallout of that, of course, was that they did not sell off the electricity; they sold off most of the politicians—they jumped off the ship that was taking on water.

In this Senate we can look at how good the government’s budget is and we can remember who brought it about. I have always had the attitude that if you cannot manage the money you cannot manage anything. It is concerning that our new-found fiscal conservatives are now putting increases in taxes. A good example, as several have mentioned today, is the luxury car tax. It was not stated before the election that the luxury car tax was going to happen. There was no signal to the public at all that the luxury car tax rate would be increased from 25 per cent to 33 per cent. It was just something that came
out of the blue in May and caused a huge
demand for a lot of vehicles; hence the fall-
of in sales now. I question how those retail-
ners around Australia, whether they are in city
or country areas, are coping with the lack of
demand for their product.

We all know the costs of running a busi-
ness. The ongoing costs never vary—
whether they are insurance or rate bills, or
superannuation and workers compensation
for employees. They are the costs of the gen-
eral running of the business. We now see that
the economy is slowing. There is no question
about that and the Reserve Bank acknowl-
edged it a couple of weeks ago with the fall
in the interest rate of a quarter of a per cent,
which I certainly welcome. Over the last 10
years we have basically had two economies
in this country. We have had a vibrant urban
economy and we have had a flat rural econ-
omy brought about largely through drought,
through increased inputs in costs and through
increases in things like fuel.

I am well aware that the fuel price, of
course, is world driven. It is not solely Aus-
tralia that has driven up the world price of
oil. More than likely it is a result of growing
economies such as India and China where
they develop themselves. No doubt they buy
the resources from Australia and, because we
are not capable of value-adding to many of
those resources, they take them there and
they use their cheap labour. As I said, I have
been in the factories in Thailand and watched
the people work very hard in what I would
call deplorable conditions for a pittance of
money then go home and live in very basic
accommodation. We have seen the price of
fuel slowing our economy as we have the
seen the world price go from US$70 a barrel
up to a high of around US$147 a barrel.
Thank goodness it has come down because,
with the falling Australian dollar, if the world
oil price was still at $145 a barrel we would
be looking at fuel prices a lot higher than
they currently are at.

The point I make is about this budget sur-
plus that members of our government gloat
about. When the previous government was
bringing the books into the black, paying off
the debt, what support did they get from the
then opposition who are now, of course, the
government? The then opposition opposed at
times. They would not agree with the
budget surpluses put forward by former
Treasurer, Mr Costello. They opposed at
every corner and now, to their benefit, they
have inherited the great result from the pre-
vious government, who could manage the
economy and had the courage to make the
hard decisions.

I recall the election of 1998—it was 3 Oc-
tober, if my memory serves me right—when
it was proposed to bring in a GST. The gov-
ernment then, the Howard-Fischer govern-
ment, had made the hard decision so hard
that they had almost got thrown out in the
1998 election. When you make the hard de-
cisions and it does hurt, then you face the
ramifications from the electorate at the next
election. Luckily they got through and luck-
ily the financial mismanagers were not put
back in control or we would not be in the
position we are today. Hence, with the elec-
tion of the coalition in 1998 with a much
reduced margin, they went on to run the
economy properly.

It was pleasing to see the unemployment
rate fall to the low of four per cent because I
can recall that when it was 11 per cent about
a million Australians were out of work and it
was not much fun. If you want to dismiss the
confidence in anyone, put them out of a job.
This is my fear now as we go onto these in-
creases in tax: what is going to happen to
those who are employed in the motor vehicle
industry? It is a worry. No doubt this current
government is learning from the good things the previous government did.

However the world scene is changing and it is frightening. We see, once again, financial institutions lending money willy-nilly in the hope that real estate prices in America will go up. It is all good when the jet is on the way up; it is all a boom time. But we all know that the jet has to refuel sometime so it must come down. And the booms do not go on forever—and to think that people in America were lent $400,000 to purchase a house to the value of $400,000 and were given more money for stamp duty and ongoing costs. They would buy a $400,000 house and it would cost them $420,000 to get into that house. They would say: ‘She’ll be right, mate. The house will be worth $450,000 soon.’ But it is not the case because many of those areas have up to 10 per cent oversupply of housing. Hence the market is falling and the equity is gone. There was never equity in the first place and now we see the global fallout as a result. We have seen over the last couple of days the huge disappointment of Lehman Brothers, and what a huge fear that has put into the world financial markets. AIG are now being bailed out to the tune of $85 billion, obviously from borrowed money because very few governments are fortunate to have surpluses like Australia does and to be debt free, thanks to the previous government. Now we are seeing the fallout that— (Time expired)

Debate interrupted.

DOCUMENTS

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! It being 6 pm, the Senate will proceed to the consideration of government documents.

Australian Institute of Health and Welfare

Debate resumed from 4 September, on motion by Senator Boyce:

That the Senate take note of the document.

Senator BOYCE (Queensland) (6.02 pm)—I have brought the report of the Australian Institute of Health and Welfare titled Australia’s health 2008 with me and, as the Senate can see, it is a very weighty and detailed document. It looks in a very systematic way at Australia’s health and the performance of Australia’s health.

My focus tonight is on the Australian Institute of Health and Welfare itself. The institute is one of my favourite organisations within the government spectrum. They are extraordinarily diligent and prolific in terms of producing reports that underpin an enormous amount of the work that goes on in the state and federal spheres within the health and welfare system.

This report is an excellent one. It adds greatly to the information that we have about the performance of our health sector. As the report notes, from 1 July 2009 the health performance of Australia will be reported against a new and broader set of indicators, which are currently under development by the Council of Australian Governments. On page 13 the report notes that the information that the institute uses to compile its reports has been significantly improved over the past 15 years as a result of the National Health Information Agreement signed in 1993. It outlines the agreement and notes that the aim of the National Health Information Agreement was to improve cooperation between the states, which are of course the source of most of this data, for the development, collection and exchange of data, and to improve access to uniform health information.

The report also makes it very clear that there needs to be a stronger national approach to improving data collection, to improving the uniformity of data and to improving definitions used when collecting data. It is quite interesting to look at a num-
ber of areas within the report in terms of how much information is or is not available to the institute. I certainly commend to the govern-
ment the need to involve the Australian Institute of Health and Welfare in all aspects of program and project development, where their input can assist to ensure that we get information that allows measurement be-
tween states and within states to be as good as it possibly can be.

We have heard a lot from the Rudd gov-
ernment about cooperative federalism. They have told us that the way Australia is gov-
erned would be improved when we had wall-
to-wall Labor—certainly from their perspec-
tive, but absolutely not from mine. But the Liberal government of Mr Barnett in Western Australia has rather ruined that for them. What we have in fact is a very concerning situation that continues to go on. The end of the blame game has meant in many cases no blame and no accountability. It is organisa-
tions like the Australian Institute of Health and Welfare that are now at the forefront of ensuring that the information we get is reli-
able and comparable in a way that may not suit many of the state Labor governments at all.

I would like to mention briefly a couple of the comments in this report on the health system performance indicators. It is quite interesting that the federal government ser-
vices—bulk-billing for GP attendance, avail-
ability of GP services—all have a favourable trend in 2006-07, but access to elective sur-
gery, which of course is a state based respon-
sibility, has an unfavourable trend. So we continue to have a situation where the history cannot be rewritten to indicate that the fed-
eral government—

**The ACTING DEPUTY PRESIDENT**
(Senator Mark Bishop)—Order! Senator Boyce, your time has expired.

**Senator Boyce**—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

**Indigenous Business Australia**

Debate resumed from 4 September, on motion by **Senator Ian Macdonald**:

That the Senate take note of the document.

**Senator IAN MACDONALD** (Queens-
land) (6.07 pm)—I am delighted to be able to speak on the Indigenous Business Austra-
ia corporate plan for 2008-13 and to con-
gratulate the corporation again for the very good work that it does. I want to pay tribute as well to Mr Joseph Elu, who for 12 years was the chairman of Indigenous Business Australia. Earlier this year Mr Elu resigned from the corporation to stand for election as mayor of the Northern Peninsula Area Re-
gional Council, which was an amalgamation of the former councils of Bamaga, Seisia, Umagico, New Mapoon and Injinoo on Cape York Peninsula.

Joseph Elu has been a fabulous leader of IBA over a long period of time. A lot of the success of this organisation has been due to his leadership and I am sure he will continue to lead in his role as the newly elected mayor of the regional council. I wish him all the best in his new role and I thank him most sincerely for the work he has done on behalf of Indigenous people as the chairman of IBA.

I also welcome Mr Bob Blair as the Act-
ing Chairman of IBA. Mr Blair has been a board member since July 1998. He has an extensive business background as adminis-
trator of the Dreamtime Cultural Centre in Rockhampton and a good background in training experience. He was awarded the Centenary Medal for service to the commu-
nity in 2001. I should also mention that Jo-
seph Elu was honoured with an Order of
Australia award last year. My sincere congratulations to him on that award.

IBA is all about funding Indigenous people to assist and enhance Aboriginal and Torres Strait Islander self-management and economic self-sufficiency and to advance the commercial and economic interests of Aboriginal and Torres Strait Islanders by accumulating and using a substantial capital base for the benefit of Aboriginal and Torres Strait Islander peoples. Over the years IBA has done a lot of good work in giving commercial assistance and expertise to Indigenous people. Although I do not have a lot of time to speak this evening, I want to mention a few of the real success stories because we often hear about Indigenous difficulties, and the media and people are always eager and quick to criticise when things go wrong.

One of the success stories is Joyce and Russell Downes with their bakery up in Normanton. I was up there not long ago but I did not stop at their bakery because baking bread is not on my eating plan—and I would not trust myself to stop! But I understand they are doing very well in the Normanton bakery. They had been working on stations for 20 years and have recently gone into the bakery with assistance from IBA. There is also the example of Great Greenway Eco Tours and Firestick Tours from my locality around Townsville and Cairns. They operate full-day interpretive ecotours, with a wealth of quality information and examples of geology, geomorphology, ecology, plants and animals. We also hear of Indigenous people owning their own homes with the assistance of IBA. And, most recently, IBA has funded the purchase of the ‘sugar shaker’—the main hotel in Townsville at the present time. That has now been acquired with assistance from IBA and will be used to train Indigenous people—

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! Senator Macdonald, your time has expired.

Senator Ian Macdonald—I seek leave to continue my remarks later.

Leave granted; debate adjourned.

Consideration

The following orders of the day relating to government documents were considered:


Which way home? A new approach to homelessness—Green paper by the Prime Minister and the Minister for Housing, dated May 2008. Motion of Senator Macdonald to take note of document agreed to.

Australian Communications and Media Authority—National Relay Service provider performance—Report for 2006-07. Motion of Senator Macdonald to take note of document agreed to.

NetAlert Limited—Report for 2006-07—Statement relating to exemption from reporting requirements. Motion of Senator Barnett to take note of document called on. On the motion of Senator Macdonald debate was adjourned till Thursday at general business.


Treaties—Bilateral—Australia-Chile Free Trade Agreement—Text, together with the national interest analysis, regulation impact statement and annexures. Motion of Senator McEwen to take note of document called on. On the motion of Senator Carol Brown debate was adjourned till Thursday at general business.


National Health and Medical Research Council (NHMRC)—NHMRC Licensing Committee—Report on the operation of the Research Involving Human Embryos Act 2002 for the period 1 October 2007 to 31 March 2008. Motion of Senator Barnett to take note of document agreed to.


The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! That concludes consideration of government documents. We now move to consideration of committee reports, government responses and Auditor-General’s reports.

COMMITTEES
Procedure Committee
Report

Debate resumed.

Senator FIELDING (Victoria—Leader of the Family First Party) (6.13 pm)—I move:

At the end of the motion, add “, but the Senate is of the opinion that, instead of restructuring question time in a manner that could reduce the accountability of ministers to the Senate, the rules relating to questions and answers, contained in past presidential rulings, which require, amongst other things, that questions actually be questions relating to ministerial responsibilities, and that answers be responsive and relevant to the questions, be written into the standing orders, and that the Procedure Committee, with the assistance of external expert advisers, review the effectiveness of question time and the application of those rules at the end of each period of sittings”.

At the end of my speaking time I will seek leave to continue my remarks to make sure there is no vote on this tonight and to give people plenty of time to look at the motion and my proposed amendment over the weekend.

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Senator Fielding, have you circulated that motion in writing around the chamber?

Senator FIELDING—I am just doing that now. I will speak to it. As I said, to give people plenty of time on this issue, I will seek leave to continue my remarks at the end of my speaking time.

The ACTING DEPUTY PRESIDENT—Thank you, Senator Fielding.

Senator FIELDING—The issue here is that we have a Procedure Committee report that says, farcically, that the idea of all primary questions being put on notice to the ministers of the day should be considered and put around to other senators and mem-
bers for consultation. That is a farce. That is a holiday for ministers who do not get questions. They can take a holiday break at question time. Those ministers who do not get a question during the day can take a picnic. That is ridiculous. Here we have dorothy dixers from the government of the day with advance warning to the ministers of the day, and look what you get. Here we have a situation where the Procedure Committee says, ‘Look, it’s a good idea to consider having all the questions from this chamber being provided on advance notice by 11 o’clock to the ministers.’ What an absolute joke. I have never heard anything as stupid as this in my entire life.

The whole idea of question time is to make sure that ministers and the government of the day are held to account. The whole idea is to keep them on their toes; to keep them fresh; to hold them to account. I do not think that this is a good idea at all. I will read what it says in the report under ‘Restructuring question time’:

The committee has considered proposals to restructure question time with the aim of making it a more effective mechanism for seeking the accountability of the executive government to the Parliament.

Here is the proposal:
All primary questions to be placed on a Question Time Notice Paper by 11 am.
That is all the questions, so they will already know what the questions are going to be before they even start. I have been watching things a little bit here. Are you sure that you want Conroy’s laptop to be opened up, to spill out pat answers to your questions? Why don’t we just get him to turn around his PC to show us all?

Senator Ian Macdonald—That wouldn’t be a bad idea. It would be more entertaining.

Senator FIELDING—Really? Maybe all of the frontbench will have laptops out and there will just be this pat reading out of answers. I have never heard of something so absurd. In actual fact, if you think about what is being proposed, it is a backward step. Do you know why? This Senate can already place questions on notice anytime it wants. So why do you want to stage question time so that all questions are now to be on notice? It is a crazy proposition and a backward step. If someone says that we should be following New Zealand in this regard, I will go he! It is a joke. I cannot believe it.

I read it last night at 11.30 while the Comcar driver was driving me home. I read this report and thought: ‘I can’t believe what I’ve just read here. They want to put all questions on notice.’ I read further and found that up to six supplementary questions can be put without notice. But the minister has already gotten the gist of where the questions are going and can spend from 11 o’clock, to 12 o’clock, to one o’clock, to two o’clock—three hours—preparing pat answers on their computers. The whole frontbench will have computers. What a wonderful idea! This is absolutely crazy. To give others a chance, they can talk now or they can talk next week. I seek leave to continue my remarks.

Leave granted.

Senator PARRY (Tasmania) (6.18 pm)—I want to speak briefly on the matter. I think that Senator Fielding has misconstrued the report. It is not a recommendation; it is a suggestion for discussion. It has been circulated widely for this very purpose: to have discussion. We discussed it today during the adoption of the Procedure Committee’s report. While he has aired some valid concerns and some questions about the process, I am querying the reasons for the amendment. I might be incorrect, because it is only amending a suggestion. Is my interpretation of the amendment that has just been circulated correct?
The ACTING DEPUTY PRESIDENT—
The motion before the chair is that the Senate take note of the report, to which Senator Fielding has moved an amendment. I hope that clarifies things for you, Senator Parry.


Senator FIELDING (Victoria—Leader of the Family First Party) (6.20 pm)—by leave—The motion before the chair is as the chair put before, but I have also moved a motion which says, ‘At the end of the motion, add’ those words. I have circulated it in writing. The motion has been moved by me. It was definitely moved and it has been circulated. Then I sought and was granted leave to continue my remarks. So the motion is the original motion, plus that motion.

The ACTING DEPUTY PRESIDENT—That is correct, Senator Fielding.

Senator IAN MACDONALD (Queensland) (6.21 pm)—I am pleased to see Senator Ferguson has come into the chamber. He will no doubt refer to Senator Fielding’s remarks. I want to urge Senator Fielding not to dismiss Senator Ferguson’s suggestion out of hand. As I said this morning when this was being debated, we currently have a question time in this place with very few of the ministers ever being able to answer questions. Some of them give the excuse, ‘Oh, I’m only the representative minister so you can’t expect me to understand all this,’ so the whole purpose of question time fails. The purpose of question time is to get information from the government to hold them accountable, to highlight their inefficiencies, and there are many of those. That is not happening at the moment because most of the ministers are so incompetent that they simply are unable to answer questions.

There are one or two exceptions. I mentioned this morning that Senator Evans will occasionally answer a question. Senator Sherry does attempt to answer a question and, when he is in a good mood, Senator Faulkner will attempt to give a factual answer. The rest of them are just a wasted space. That is quite contrary to the way the previous government ministers always attempted to answer questions—perhaps not always successfully or the way the then opposition wanted to hear but there was an attempt to address the subject. Currently, there is rarely an attempt. You get a four-minute talk by a particular minister just talking about himself or how good he and his government policies are. It has no relationship to the question, although occasionally they will pick out one word in the question and use that to pad out the answer.

Unfortunately, that really diminishes the Senate. So the idea is to give the government ministers notice so that they cannot come in here and say, ‘Oh, sorry, I’m only the representative,’ or ‘I haven’t got a brief on that.’ I mean, you would expect that they would know without a brief but obviously they are not terribly competent. This way you will give them an indication of the sorts of areas that you are going to be questioning. So they will have an answer for the original question and then there is up to six—and Senator Ferguson can explain this much better than I can, and he will—or a certain number of supplementary questions, not just from the original questioner but, as I understand it, from right around the chamber. That will really elicit the sort of information we want.

After all, question time is not a game. We do not want to turn it into, say, us coming in here and saying, ‘How can we trick up this minister today and make him look a fool?’ We do not really have to do that; most of them look like fools by their own work.
Senator McLucas—You are just so nasty, aren’t you.

Senator IAN MACDONALD—Sorry, if I am saying—

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! Senator Macdonald, you will address your remarks through the chair and other senators will not engage in banter across the chamber.

Senator IAN MACDONALD—How else do I indicate they are incompetent? If that is being nasty then, I am sorry, I am nasty. I do not intend it to be personal; I just want to indicate that I do not think they are competent or able to administer their portfolios. The way they act at question time, I suggest with respect, actually demonstrates that. The senator at the minister’s chair may wish to rise and defend them later and point out how good they are. But you only have to see the way they answer questions without notice to know that something needs to be done.

I am suggesting to Senator Fielding that he does need to have a closer look at this. I am not saying that he should necessarily support it but do not dismiss it out of hand because I think there is merit in it. We then might be able to return to the purpose of question time, which is to elicit information, to keep the government accountable and to try, through the style of the questions, to expose some of the various obvious inefficiencies and incompetencies of this very nervous and incompetent government.

Senator FERGUSON (South Australia) (6.26 pm)—I am very sorry that I only caught the tail end of Senator Fielding’s contribution after it was drawn to my attention. I was quite astonished at some of the statements he made and the misapprehensions that he is under. Firstly, this is a report of the Procedure Committee, which presents to senators some suggestions and a discussion paper which the Senate Procedure Committee will make some decisions on at a later time. It is a discussion paper. It is not a motion before this chamber. The only motion that was moved today by Senator Evans was to put one of the items in the Procedure Committee report into practice until the end of the current session.

I was staggered to hear Senator Fielding say that we should not be following the New Zealanders. I do not know whether Senator Fielding has ever attended a question time in New Zealand, but I certainly have, and in a number of other places. To think that Australia cannot learn from some other countries that follow the same Westminster system that we follow is showing a lack of understanding and a lack of appreciation. If we do not continually reform the procedures of this place—and they have been reformed over a period of time. For 108 years now we have changed the way we run this Senate and the way we run the House of Representatives. Surely it is right for the Procedure Committee to bring a discussion paper to this Senate so that every senator can have some input—not just in this chamber but in other ways as well, including to the Procedure Committee—and we can then move forward from there.

There have already been suggestions today that go outside the discussion paper that I put forward to the Procedure Committee, including some by Senator Bob Brown. He talks about the need to be able to ask questions that are urgent. If something happens after 11 o’clock in the morning and it is an urgent matter then the presiding officer should be able to allow a matter to be asked as an urgent question. That takes place in other parliaments. I did not include it in this discussion paper because I was too busy trying to get the basis of what we might be able to change without going into the details. But I have talked to Senator Bob Brown and I agree with his suggestion—I quite agree with
it; as a matter of fact I have asked the Clerk to draw up some wording for our standing orders, which he has already done, and they will become part of the next discussion of the Procedure Committee. I cannot believe some of the wording in Senator Fielding’s amendment:

... that that Senate is of the opinion that instead of restructuring question time in a manner that could reduce the accountability of ministers to the Senate...

How on earth could having a question on the Notice Paper reduce the accountability of ministers in the Senate? In fact, it will increase the accountability of ministers in the Senate. And the fact is that we have people from the ministers’ offices and from the departments spending hours of their time every day preparing for possible questions that may never get asked.

I was talking to a former minister in the New South Wales government at lunchtime today who has not been in parliament now for some 10 or 11 years. He said that his staff spent two or three hours every day preparing for question time and he rarely ever got a question. He said it was the most wasted time that could be conceived of for his staff and his department. I do not want to see that waste happen here.

The other proposal is that answers be relevant. That is one of the things that has never been in the standing orders relating to question time. There is relevance applied in other areas of the standing orders but nothing to question time. I am not talking particularly about this government; I am talking about every government that we have had. How many times have we seen media journalists ask the Prime Minister or any minister a question at a press conference and receive a direct answer or at least an answer to their question in a short fashion? I have seen the same questions asked in parliament and we have had 12 minutes of non-answer. The journalists simply would not put up with non-answers to questions and yet, in this place, governments of various persuasions have asked us to put up with non-answers for 10 or 15 minutes. So we cannot even treat our colleagues in this place in the same way that a minister or a Prime Minister would treat a journalist who asked a question at a press conference.

It is important in many ways—and this is my hope in the future—that question time in this place should more resemble the types of questions that we get at estimates where ministers and officials are asked direct questions and give reasonably short answers. If a minister does not want to answer a question in estimates, there are ways and means of getting around it so that question is not answered, but it would not take four, 10 or 12 minutes; it would be done in two minutes. It would still be quite possible for a person not to give a non-answer in question time because they would have to be relevant, but they can get around the question in exactly the same way that ministers do when they are in estimates.

The important thing is to show some reform in this place which makes us more relevant to those people outside the chamber who watch what we are doing. I discussed the purpose of question time with former Senator Robert Ray some six or eight months ago before he left this place. He said, ‘Do up a paper and bring it to the Procedure Committee.’ That was Senator Ray’s reaction because he believed in it and I know that there are some people on the government side who think that there is something that needs to be done about question time. They may not agree with what I have proposed in the discussion paper, but everybody agrees that there needs to be some changes.
In this place and in the other place, as I said once before, we are judged by our behaviour in question time. I have watched question time in other parliaments at length, particularly in Canada, the UK, New Zealand and the Scottish parliament. The Scottish parliament is a new parliament which has derived its question time after looking at the current procedures of all of those other parliaments that have been in place for a long time. The one parliament that they disregarded totally was our parliament because of the nature of our question time. We are the only parliament, to the best of my knowledge, that has questions without notice. The object of the exercise is to try to hold any government accountable for its actions and those actions are held to account by asking direct questions and getting direct answers. Maybe there is a lengthy explanation as to the direct answer, but it can be done.

I cannot see in my own mind why people say, ‘It’s a bit difficult to change; we like the way we do things.’ What we have now to be quite frank is an opposition who ask questions they hope the government cannot answer and we have a government who asks questions of their own ministers where the answers are already prepared. That is the downfall of our question time. If you have questions on notice, a minister has a chance to provide an answer, which is what we should be getting—answers as to the activities of governments and the actions or the non-actions of governments. But by having questions without notice, a minister in real difficulty will say, ‘I’ll take that on notice and come back to you at a later stage.’ Why not give them the notice? Let them prepare the answer and then supplementary questions will arise from the answer to the primary question. You do not have to come in here with prepared supplementary questions. If you get an answer, the supplementary question is automatically generated from the answer.

It will test ministers out and I can tell you it will test oppositions out too. It is just as difficult for oppositions to come up with relevant questions as supplementary answers as it is for ministers to continue to provide answers. That is what we are in this place for. There is also the fact that we are putting a short time limit on it. In most other parliaments they do not even have two minutes, in Canada, I think, it is 90 seconds. In New Zealand they have up to 63 or 64 supplementary questions a day. You can have as many as you like on a particular item. In here if we have a themed question time, we ask six questions about the same thing. Why not have one question and ask the six questions all at once rather than toing and froing?

There are so many things, I believe, that will help the processes, the procedures and the outcomes of this place. We might finish up with a public who, instead of thinking that we are a rabble at question time, actually watch question time and get some answers to the questions that they have on their minds as well. That is what this parliament ought to be doing. That is why, Senator Fielding, I brought these proposals to the Procedure Committee. I, together with my staff, have spent six months working on them and that is why I believe that they should be supported. (Time expired)

Debate (on motion by Senator McLucas) adjourned.

Consideration

The following orders of the day relating to committee reports and government responses were considered:

called on. On the motion of Senator Carol Brown debate was adjourned till the next day of sitting.

Rural and Regional Affairs and Transport—Standing Committee—Interim report—Meat marketing. Motion of the chair of the committee (Senator Sterle) to take note of report agreed to.

Rural and Regional Affairs and Transport—Standing Committee—Interim report—Climate change and the Australian agricultural sector. Motion of the chair of the committee (Senator Sterle) to take note of report agreed to.


Environment, Communications and the Arts—Standing Committee—Report—Save Our Solar (Solar Rebate Protection) Bill 2008 [No. 2]. Motion of the chair of the committee (Senator McEwen) to take note of report called on. Debate adjourned till the next day of sitting, Senator Macdonald in continuation.

ADJOURNMENT

The ACTING DEPUTY PRESIDENT (Senator Mark Bishop)—Order! It being 6.37 pm, I propose the question:

That the Senate do now adjourn.

Walter Nona Senior

Senator McLUCAS (Queensland—Parliamentary Secretary to the Minister for Health and Ageing) (6.37 pm)—Badu Island is one of the larger central western highlands of the Torres Strait. It is a beautiful place, a high island surrounded by coral reefs and covered in trees. It was a traditional home for fishers and hunters of turtle and dugong, and then it became a pearling and trochus shell centre. Today it is a modern community that is looking forward to dealing with its future on its own terms. It is an administrative centre for the central strait. It has a thriving fishing industry and is working to see if its hydroponic gardens can produce enough fresh fruit and vegetables to supply other islands in the Torres Strait cost-effectively.

The people of Badu Island are an energetic and resourceful group. That has always been the way on Badu and it always will be, I am happy to say. The island has been blessed throughout its history with powerful leaders—men and women who have taken up the challenges of their times on behalf of their community. Today I bring to the attention of the Australian people the passing of one such leader, Walter Nona Senior. Athe, or grandfather, died on Monday. To me and many of my colleagues—including the federal member for Leichhardt, Jim Turnour; the state member for Cook, Jason O’Brien; former state member for Cook, Steve Bredhauer; and Bob and Jenny Scott—Athe Walter was a friend, a confidant and a mentor.

I first met Walter in the late 1980s and we quickly became firm friends. Every time I visited Badu I would go up to the school and we would have a yarn about the state of the island, the state of the nation and world events of the day. Athe Walter walked through the barriers of time, place and culture as if those barriers never existed. He was a vastly credentialed and cultured man and I am proud to list in this place some of those credentials—they stand comparison well.
First and foremost he was a highly respected man in his own traditions as well as being perfectly at home in the western way of doing things. He had a quiet way with words and wisdom in both worlds, being a well-known teller of Torres Strait stories and legends and a font of stories of more modern times. He remained a strong advocate of traditional knowledge and culture. When he retired he went—every day—to the school on Badu where he taught those essentials to the island children. Education was a central part of Walter’s life. Ati Walter was the parents and citizens’ president of the island’s school for more than 30 years. He was a life member of the Queensland Council of Parents and Citizens Associations. He was a past deputy chair of Tagai State College—which he named—and a founding member of the Torres Strait Islanders Regional Education Council. Ati Walter’s community commitments included being a member of the Badu Island Council and serving as deputy chair. He was a member of the Mura Badugal Council of Elders and served as the elders’ representative on the Badu Island Interagency Committee. He was also a local policeman.

Like all of his contemporaries, Ati Walter was a great hunter, fisher and gardener, and a seaman of some repute amongst a sea-going people. By the age of 14 he was already a skilled sailor, working on pearlimg and trochus dinghies in the Torres Strait. At the outbreak of war in 1939, Ati Walter was working in the trochus industry on the north Queensland coast as a diver, sailor and skipper. Like many, many Torres Strait Islanders he immediately volunteered for the army, serving as a pilot on luggers sailing between Australia and what is now Papua New Guinea, and other vessels, including submarine chasers. Officially, he was Sapper Walter Nona, Q304658, and he was, rightly, proud of his voluntary service to his nation.

In 2000 Australia recognised this singular man’s contribution to the community when the Governor-General presented him with a Centenary Medal. He was also a recipient of the Premier’s Award for Queensland Seniors. In 2005 Ati Walter was selected as one of 20 significant elderly Australians to be interviewed for the book Inspiring, not Retiring. He was the only Indigenous person included. Ati Walter may have been a quiet and humble man but there was no doubt of his strength of character, his clear-cut views on morality and ethics, his social conscience and his strong sense of justice. These are the characteristics that made him a natural Labor Party member. He has been a member of the party as long as I have known him.

Walter was born on 1 April 1923 at Wauki on Badu Island, the 13th and youngest child of Tipoti and Ugarie Nona, a family of Torres Strait and Samoan heritage. He was a man proud of his South Sea Islander background and the fact that his extended family reached from Saibai Island just off the coast of Papua New Guinea southwards throughout Queensland. I might point out to senators that those family links directly extend into this parliament. Two of his grandsons, Dennis Nona and Alec Tipoti, are highly regarded artists and their works are part of the collection that we hold here in this place. Alec’s print is a very large print that you see on the way to the parliamentary cafeteria and Dennis has a number of pieces in our collection. I am fortunate to have one in my rooms, but there is also a very large piece of Dennis Nona’s, in the same corridor as the Alec Tipoti piece, which is a sculpture of Stingrays. It is a very beautiful piece. I share the sorrow that they will be feeling tonight.

I pass my condolences to Aka Harriet, Walter Nona’s wife of 57 years, and their children, grandchildren and great-grandchildren, the rest of his extended family and everyone on Badu Island. I extend my
sincere apologies to everyone for not being able to be at the funeral tomorrow. I am really sad that I cannot be with you all. We will all miss a wise and gentle man. He was a true friend and adviser to his family, his fellow Torres Strait Islanders, his state, his nation and us in the Labor Party. He was above all a family man—a loving husband and father, grandfather and great-grandfather. At his Walter will be remembered with great respect, admiration and affection.

Northern Australia

Senator IAN MACDONALD (Queensland) (6.45 pm)—The north of Australia produces more than 30 per cent of Australia’s export earnings and it does it with only about six per cent of Australia’s population. Into the future, I can foresee Northern Australia being even more significant to the ongoing economic and social progress in our nation. During the winter break I had the opportunity of driving over 4,000 kilometres around the north-west of Queensland, and there I saw huge opportunities for the future.

As the south of the continent gets drier and as the former food bowl of Australia, the Murray-Darling Basin, becomes less significant as a producer of food, I think the north will come into its own as the future food bowl not only of Australia but of Asia as well. We have the science and the lessons of history to ensure that we develop the north in an agricultural way sustainably and, as I say, learning from mistakes that we have made in the past. During my on-the-ground road tour out into the north-west I saw opportunities abounding there and I saw dozens of enterprises that show that it can be done. All it really needs is for governments to get out of the way and the science to be perfected and turned into applied science—and that will all happen, given some leadership from governments. Currently that leadership has not been there in Queensland. It is certainly not there in the Northern Territory. Hopefully it will now be there in Western Australia.

Just last week I was very pleased that the coalition’s policy committee on water and environment did a tour across the top of our nation, first of all going to look at the prospective tidal power stations—or tidal power opportunities—up in the north-west, not far from Derby. At Talbot Bay and Walcott Inlet there are huge variations in the tide that can be harnessed to create clean and green energy. There is a lot of cost involved, of course, in doing those sorts of things, and I congratulate the Hon. Wilson Tuckey on the work and the passion he has for tidal power. But I think it will come to pass one day, particularly if you incorporate the costs of climate change into the equation. By doing that, you will make what are at present simply proposals become financially feasible. I say in passing that, if a tidal power station is ever constructed up there—and I think it will in the future—it should certainly be named ‘the Wilson Tuckey power station’ because of his passion over many years. Someone like Wilson never gives up and I am sure that for as long as he continues to be an active player in Australian public life we will get closer and closer to that.

While we were in Derby we also called in on the mayor and had a look at the work that the Shire of Derby-West Kimberley has done on the Point Torment marine and industrial support facility. I do not know if any of you have ever been to Derby in the past. It used to be a significant town in the old days, with the meatworks and the pearling industry. Of course, with the closure of the meatworks it was a town that did not seem to have much future. I was surprised to find that there are three or four developers opening up land in Derby. Why? Because you simply cannot get a block of land there. As I recall, they were selling the land in Derby for something like $120,000 to $150,000. There is activity go-
ing on there. It is not far from the Browse Basin, where the new oil and gas is going, and this Point Torment project is to try and make a marine industrial support base for the new oil and gas wells off the coast there.

We then went to Kununurra, the Ord River and Lake Argyle and again saw what Australians are doing in the north currently. The value of farm activity in 2006-07 was $48 million in agricultural production and $39 million in expected value in timber up that way. The trends in production for the year 2008 include cucurbits, mangoes, citrus and a seed called ‘chia’. There is a lot of forestry happening and there will be opportunities for cane, and some enthusiasm, if they can get a decent mill operating up there again.

There was a bit of indecision by the former Western Australian government, which I hope with the new government will be a thing of the past. I certainly urge the new government to seriously proceed with the Western Australian part of stage 2 of the Ord River scheme. Stage 2 of the scheme goes over the border into the Northern Territory, but, regrettably, the Northern Territory government shows absolutely no interest in what could be a very significant expansion of the economic and population base of the Territory.

There are a lot of opportunities up there. There is a lot of work being done looking at off-season production of opium poppies, rice and, as I mentioned, chia. There could be opportunities with the sugar industry with cogeneration options, better varieties, ethanol opportunities and molasses, which is valuable for stock feed. There is a lot of work being done on GM cotton. Kenaf and industrial hemp are also possibilities. Irrigated wheat is being grown up there. Tomato paste production is possible. Seed potatoes are possible, as are biofuels. The opportunities in the Ord are boundless. All it needs is a bit of action from the state government and, I have to say, support from the federal government in a financial way to build the infrastructure. The infrastructure needed to do the M2 part of stage 2 on the Western Australian side of the border is a road and some extension of the channels. The water is there in Lake Argyle, and there are huge opportunities.

There is concern that a lot of managed investment scheme forests are being planted on good agricultural land, but that will sort itself out. It is an issue there as it is in many parts of Australia at the present time, but, as I say, I think it is one that will resolve itself.

While we were there we went and had a look at a plantation growing Indian sandalwood, which is in very high demand by, amongst others, the perfume industry. I was interested to hear that it is not actually sandalwood perfume that they want the sandalwood for but rather that it has an ingredient that makes perfume made by Gucci and those sorts of companies remain longer. Apparently cheap perfume is here today and gone in five minutes, but if you use this Indian sandalwood it keeps the perfume around for some time. It is a very interesting industry which looks like having a very good future in that area.

We then went on to the Douglas Daly area of the Northern Territory, which could support a great deal of agriculture to help feed Australia and Asia into the future. Again, mismanagement by the Northern Territory government is causing problems, for reasons I simply cannot understand. But in the future, and given leadership, that area will also become a very important food bowl for Australia. (Time expired)

Senate adjourned at 6.55 pm
DOCUMENTS

Tabling

The following document was tabled by the Clerk:

*Legislative instruments are identified by a Federal Register of Legislative Instruments (FRLI) number*

Civil Aviation Act—Civil Aviation Regulations—Instrument No. CASA EX63/08—Exemption – refuelling with passengers on board [F2008L03236]—Explanatory Statement [*in substitution for explanatory statement tabled with instrument on 15 September 2008*].

Indexed Lists of Files

The following documents were tabled pursuant to the order of the Senate of 30 May 1996, as amended:

Indexed lists of departmental and agency files for the period 1 January to 30 June 2008—Statements of compliance—

Department of Foreign Affairs and Trade.

Human Services portfolio agencies.

Infrastructure, Transport, Regional Development and Local Government portfolio agencies.
QUESTIONS ON NOTICE

The following answer to a question was circulated:

Climate Change Conference
(Question No. 90 amended)

Senator Minchin asked the Minister representing the Minister for the Environment, Heritage and the Arts, upon notice, on 12 February 2008:

With reference to the United Nations Climate Change Conference in Bali, Indonesia from 3 to 14 December 2007:

1. What was the length of stay of the Minister, the Parliamentary Secretary and any ministerial staff in Bali?

2. For the duration of the Minister’s stay, and for the stay of any Parliamentary Secretary assisting the Minister, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

3. (a) How many ministerial staff or family accompanied the Minister and the Parliamentary Secretary; and (b) for these people, what was the total cost of: (a) travel; (b) accommodation; and (c) any other expenses.

4. (a) How many officers from the department were in attendance at the conference; (b) what was the duration of attendance at the conference by these officers; and (c) for these officers, what was the total cost of: (i) travel, (ii) accommodation, and (iii) any other expenses

Senator Wong—the Minister for the Environment, Heritage and the Arts has provided the following amended answer to the honourable senator’s question:

1. The Minister and one adviser stayed in Bali from 10-16 December 2007.

2. The following costs were incurred for Minister Garrett’s travel to Indonesia, as reconciled at 24 July 2008:
   (a) Travel – $3,963.20
   (b) Accommodation – $5,090.55
   (c) Other Expenses – $5,947.60

3. The Minister was accompanied by one adviser, with costs as follows:
   (a) Travel – $3,963.20
   (b) Accommodation – $2,085.21
   (c) Other Expenses – $2,352.42

4. Concerning officers from the Department:
   (a) 2 officers from the Department of the Environment, Water, Heritage and the Arts attended the conference (officers formerly with the Department of the Environment and Water Resources).
   (b) Both officers attended the conference from 9-15 December 2007.
   (c) The total cost for these officers were as follows
      (i) Travel – $11,000.09
      (ii) Accommodation – $9,194.39
(iii) Other expenses – $2,489.40.

In addition, the Department of the Environment, Water, Heritage and the Arts’ part of shared Australian Government expenses for office facilities, delegation transport and stationery was $2,673.26.